Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	$L125.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr200	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr8.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,325 Tuesday September 1 1987 D 8523 A

Hong Kong: Spycatcher and the autonomy of the courts, Page 18

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World News — Business Summary

Israelis in protest over Lavi fighter cancellation

Thousands of Israeli aircraft workers blocked the Tel Aviv to Jerusalem highway, burning tyres and throwing stones at passing cars, in an outburst of anger at Sunday's cabinet decision to cancel the controversial Lavi combat aircraft, Page 4.

Rebels unrepentant

Army officers who led last week's military rebellion against the Philippines Government of President Corazon Aquino, were unrepentant. "We did what we had to do," one said. Page 18

Thai air crash

All 83 people aboard a Thai Airways Boeing 737 which crashed into the sea near the holiday island of Phuket were feared dead. Page 4

US space hope

THE first full-scale test of a redesigned 126ft rocket intended to revive the US manned space shuttle programme was held in the northern Utah desert. Nasa scientists said it would take two weeks to analyse the results.

Lange calls off

New Zealand Prime Minister David Lange has cancelled a US visit during which he was to have attended a UN General Assembly session on disarmament.

Vanunu nominated

Mordechai Vanunu, the Israeli technician who, at the weekend, scuffled with guards at his trial in Jerusalem on charges of leaking nuclear secrets, was nominated for the 1988 Nobel peace prize. Page 3

Japan paint attack

A monument to friendship with China was sprayed with red paint in western Japan in the third such incident since June.

Salvador abuses up

El Salvador failed to meet the human rights requirements of the latest Central American peace plan because of a worsening pattern of abuse by the country's military, the US human rights group, Americas Watch, said in a report.

Bonn spy jailed

West German presidential secretary Margaret Hoeke, recruited as a Soviet spy after being seduced by a KGB agent, was jailed for eight years for treason.

Indonesian aid plea

Indonesia asked foreign investors to help it to finance a satellite launching centre.

Dhaka hunger march

Hundreds of people marched through Dhaka to demand food amid fears of famine following floods that killed more than 700 Bangladeshis.

Typhoon hits Korea

About 75 people, including the 32 crew of a squid boat, were dead or missing after torrential rain preceded the passage of Typhoon Dinah in South Korea.

Solidarity arrests

Polish police detained 10 people when they broke up an unofficial rally to mark the seventh anniversary of the outlawed trade union movement, Solidarity.

Brazil burnings

About 36 people were burned to death when a bus crashed into a petrol station in a suburb of Rio de Janeiro.

Panama protest death

One demonstrator was killed and five others wounded when unidentified gunmen fired into a crowd of anti-Government protesters in Panama City.

Sherry strike

Workers in the sherry industry of southern Spain began a three-week pay strike which threatened to ruin this year's grape harvest.

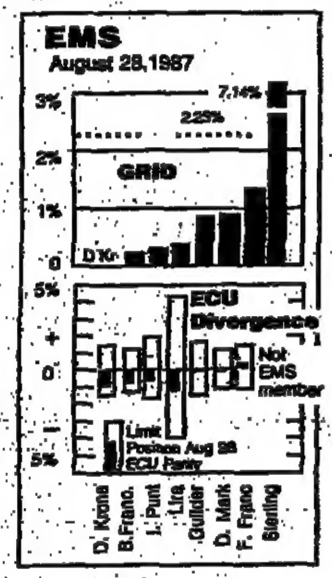
National Semi to buy Fairchild for $122m

SCHLUMBERGER, US oil services group, is to sell its Fairchild semiconductor operations to National Semiconductor for about $122m in National Semiconductor common stock and warrants. Schlumberger said it expects to report a loss associated with this transaction of about $220 m in the third quarter. Page 21

SECURITY PACIFIC, the California banking group, is to pay C$100m (US$75.7m) for a 30 per cent stake in Burns Fry, the Toronto investment dealer. Page 19

EUROPEAN Monetary System: The lira showed little reaction to a half point rise in the Italian discount rate last week. The move was designed to stave off speculation about a lira devaluation as part of an EMS package. There were also rumours that sterling was about to become a member of the exchange rate mechanism.

The Danish krone remained weak but within its divergence limit as the latest opinion poll suggested a narrowing of the gap between the retiring coalition and the main opposition in the run-up to the general election. Elsewhere central banks were active in an attempt to support the dollar but the weaker members did not appear to be under any real pressure as a result of the D-Mark's strength.



The chart shows the two constraints on European Monetary system exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (Ecu), itself a basket of European currencies.

WALL STREET: The Dow Jones industrial average closed 23.6 up at 2,662.95. Page 34

TOKYO: Concern over high prices and some profit-taking pushed share prices moderately lower after a series of advances. The Nikkei average slipped 18.95 to 26,029.22 in busy trading. Page 34

LONDON equity and gilt markets were closed yesterday for a holiday.

DOLLAR closed in New York at £1.6305 ($1.632), DM1.8165 (DM1.8115), FFr6.075 (FFr6.054), SFr1.4965 (SFr1.493) and Y142.45 (Y141.9). Page 23

BAYER, West German chemical company, raised group pre-tax profits 4 per cent to DM1.55bn ($852m) in the first half and said the final result should at least reach the level of 1986. Page 21

PHARMACIA, Swedish biotechnology and pharmaceuticals group, said yesterday that it planned to launch a new AIDS test next year which preliminary trials had shown to be 100 per cent effective in detecting antibodies for both the HIV-1 and HIV-2 viruses. Page 21

VME, construction equipment group jointly owned by Volvo of Sweden and Clark Equipment of the US, achieved pre-tax profit of $8m in the first six months of 1987 compared with a pre-tax loss of $13.1m in the whole of 1986. Page 21

Iraqi attacks heighten risk of Iran-US clash in Gulf

BY RICHARD JOHNS IN LONDON

THE CHANCES of a clash between Iran and the US naval task force in the Gulf have been heightened dangerously by Iraq's resumption of attacks against enemy oil traffic after a lull of over six weeks, Western diplomats and analysis believe.

The renewal of the campaign against Iran's shipments is also seen as a major blow to prospects for obtaining the agreement of both sides to the UN Security Council's demand for a ceasefire made on July 20. The conflict is nearing the end of its seventh year.

As Iraq made clear its determination to intensify its air strikes, Iran threatened retaliation that would "include all facilities which serve to equip Iraq and beef up its war machine" in the words of a letter sent by Mr Al Akbar Velayati, Iran's Foreign Minister, to Mr Xavier Perez de Cuellar, the UN Secretary-General.

The oil market responded nervously to the flare-up in hostilities. Oil prices shot up by 50 cents per barrel as Brent, the key North Sea crude, was traded at $18.90 and rates were later quoted at $19.10 compared with about $18.40 at the end of last week.

On the water, the only immediate Iranian retaliation was an attack by a gunboat on a Kuwaiti cargo vessel near Dubai. It was damaged but able to seek refuge in the port of Jebel Ali.

By yesterday evening Iraq had claimed strikes on five "naval targets", the term used by Baghdad to describe tankers or merchant vessels. Only two appeared to have been hit, however. The Avland was reported to have been set ablaze near Iran's Sirri Island terminal on Saturday and, more certainly, the Iranian-owned 113,788-ton Shoush was struck near Larak Island on Sunday. Probably more serious from the Iranian point of view were the raids on the oil terminals at Kharg, Faarsi and Lavan Islands and the offshore Rakhsh oilfield.

At the same time a reversion to the "war of the cities" has evidently been triggered by the Iraqi resumption of attacks on Iranian oil traffic. As Basrah came under heavy shelling the Iraqi Army responded by shelling Abadan and Khoramshah.

At the weekend, Mr Mohsen Rafiq-Dust, Iran's Minister of the Revolutionary Guard Corps, threatened to lay Baghdad waste with ground-to-ground missiles. In the first two months of this year, 11 were fired on the Iraqi capital as the Iraqis bombed dozens of centres of population but the "war of the cities" was suspended when Iraq unilaterally stopped its raids.

Western diplomats believe that the Iranian leadership will be anxious - despite the fierce rhetoric emanating from Tehran - to avoid a clash with the US Navy but that the danger of an incident sparking off a confrontation has been greatly increased.

The enhanced risk was acknowledged at the weekend in Washington where Mr Michael Armacost, a senior State Department offical, said: "I think undoubtedly the risks are increased, at least to take state-

Continued on Page 18

Pickens-led group bids $6bn for US mine conglomerate

BY ANATOLE KALETSKY IN NEW YORK

NEWMONT MINING, the second largest US goldmine operator and controlling shareholder in the world's biggest private coal business, yesterday received a bid worth $6bn from an investment group led by Mr T. Boone Pickens, the Texas oilman and corporate raider.

The offer for Newmont had been anticipated since Ivanhoe Partners, a group led by Mr Pickens' Mesa Limited Partnership, announced two weeks ago that it had bought 9.1 per cent of the company's stock in the market for an average price of $62.46 a share.

The value of yesterday's bid, $95 a share, was higher than some analysts had expected and boosted Newmont's price on Wall Street by $9¾ to $92¼. It put the spotlight on Consolidated Gold Fields, the leading London-based mining finance house which is Newmont's largest shareholder with a potentially decisive stake of 26 per cent.

While Gold Fields expressed its strong support for Newmont's management in response to the initial disclosure of Mr Pickens' stake, analysts on Wall Street were sharply divided yesterday on whether the London company would try to block the bid, make a counter-offer or sell out to Mr Pickens and his partners.

One leading analyst, Mr William Siedenburg of Smith Barney, said he could not see Gold Fields being willing to increase its borrowing sufficiently to outbid Mr Pickens' group. Newmont's net asset value per share was between $100 and $105, which would not make a bidding contest attractive to Gold Fields. For Mr Pickens, on the other hand, buying Newmont would be attractive because of the company's large cash holdings and the ease with which its parts could be broken up.

On the other hand, Mr Nicolas Toufexis, of Prudential Bache, said that the market was still somewhat doubtful about Mr Pickens' ability and willingness to launch a full-scale tender offer for Newmont. He added, however, that Gold Fields might bid as much as $105 a share for the company once Mr Pickens showed his full hand in a formal tender offer.

Newmont's most important holding is a 90 per cent interest in the Newmont Gold Company, which recently forecast an increase in gold production from 777,000 to 850,000 ounces a year from its mines in Nevada.

The company also owns 49 per cent of Peabody Holding, the largest coal producer in the US, and has large gold properties in Australia as well as oil interests in the North Sea. Newmont also owns 5.2m shares in Du Pont, worth over $650m, has cash reserves of a further $650m and almost no debt.

S African miners killed in pit blast after return to work call

BY ANTHONY ROBINSON IN JOHANNESBURG

MORE THAN 60 South African miners are missing and feared dead after an explosion at a gold mine early yesterday.

The blast occurred as thousands of black gold and coal miners returned to work after Sunday's decision by the National Union of Mineworkers (NUM) to call off the three week strike in the face of warnings from Anglo American Corporation that thousands more faced dismissal if the strike continued.

General Mining Corporation (Gencor) originally reported 92 men missing at the St Helena gold mine, but revised the total to 64 when 28 were found

Rescuers later reported finding six dead and five miners alive in a small pump station excavated off the main shaft.

Most of those missing were descending in a lift which is believed to have come to a halt 900 metres down the 1,376 deep lift shaft.

The cause of the explosion is not yet known. The company refused to speculate on the possibility of sabotage or the more likely possibility of an accident involving explosives being taken down the mine for blasting.

This is the second major accident on Gencor-managed mines this year. Last September 177 miners were killed in a fire at the nearby Kinross gold mine sparking off a major union and management drive for greater mine safety. Seven Kinross mine managers are due to appear in court later this month on criminal negligence charges.

Union leaders recommended an end to the strike despite managements refusal to increase their 17 per cent to 23.4 per cent pay offer introduced unilaterally on July 1. The NUM accepted a 10 per cent increase in holiday pay and an increase to three from two years pay in death benefit, rejected as inadequate last week.

Neither side claimed victory in a dispute in which between 240,000 and 340,000 miners lost three weeks pay and which cost the industry an estimated R250m ($515m) in lost production.

Mr Cyril Ramaphosa, NUM general secretary, said the strike had laid the foundation for next years round of labour negotiations and the union had ended the strike to preserve its organisation and strength.

Union and Anglo management negotiators are due to meet today to discuss the details of reinstatement of the 36,000 workers issued with dismissal notices and the fate of the 7,000 affected by the company's decision to close two marginal shafts at the Vaal Reefs and Western Holdings mines.

Anglo American, the worst affected company, said that about 90 per cent of workers on mines not affected by dismissals returned to work yesterday. Gencor said that more than 80 per cent of its gold miners also turned up for the morning shift.

Moscow 'ready to accept N-test plan'

BY LIONEL BARBER IN WASHINGTON

A SENIOR Soviet Defence Ministry official yesterday said Moscow was prepared to accept a US proposal for monitoring nuclear tests and to allow the US to explode its own device in the Soviet Union to calibrate monitoring devices.

The Soviet statement - conveyed by Col General Nikolai Chervov at a Washington press conference - met with an immediately favourable US response. It revives hopes of a superpower agreement on mutual underground nuclear testing, an important step towards a partial nuclear test ban.

Last April, Mr George Shultz, US Secretary of State, tried but failed to work out precise language on such an agrement when he visited Moscow. He is likely to renew the effort next month when he meets with the Soviet foreign minister, Mr Eduard Shevardhadze, in Washington to finalise a pact to eliminate the superpowers's respective medium range missile arsenals.

THe Reagan administration is bracing itself for a series of new or modified Soviet arms control offers in the run-up to the Shultz-Shevardnadze meeting which is aimed at paving the way for a summit meeting between President Reagan and Mr Gorbachev.

Lt Col Chervov's offer came in a luncheon speech for visiting members of the Soviet delegation to last week's conference on US-Soviet relations.

Lt Col Chervov said through an interpeter: "There is no problem on verification. If you want to come to calibrate the instruments, feel free to come to our test ranges with a nuclear device of your own, and explode it there to make sure that everything is alright."

Mr Max Kampelman, chief US negotiator at the Geneva arms talks, said: "This to me was a new thought, and I have to check that out. We'll look at it."

Lt Col Chervov said his statement could include adoption of the cortex test monitoring system proposed by the US. The system involves placing a detection device in a hole bored near the site of an atomic explosion.

Nuclear experts believe that if tests could be exchanged, each country could develop a data base about each other's test site, boosting confidence in verification of future pacts

Ford faces brunt of pay pressure by car workers

BY ANATOLE KALETSKY IN NEW YORK

THE UNITED Auto Workers, the union, representing over half a million US and Canadian car workers, yesterday chose Ford rather than General Motors as the main target for bargaining on a new three-year motor industry labour agreement.

In principle, the UAW's decision will mean that Ford, rather than GM, could initially face a strike at some or all of its plants unless a deal can be concluded by September 14, when the UAW's current contract with the two leading carmakers expires.

In practice, the significance of the decision lies in the UAW's hopes of extracting a better deal from the highly profitable Ford than it could get from General Motors. This agreement would then be used to pressure GM to come up with similar terms. Ford's initial presentation to the union was distinctly more conciliatory than that of GM.

Although Ford has not offered general improvements in wages beyond the usual cost-of-living adjustments, it is believed to have demanded no further concessions from the union and also hinted that it might be willing to give its workers stronger employment guarantees.

GM, by contrast, is thought to be demanding the suspension or reduction of cost-of-living clauses, lower wages for newly hired workers and new, reduced pay scales for smaller component plants. It is also seeking substantial changes in working practices and resisting union demands for further extensions of job guarantees and agreements to restrict outsourcing of components.

THE French Government is studying a major capital restructuring and change in the legal status of Renault, the state car group.

The proposed changes are designed to place Renault on an equal footing with other French state-controlled companies.

At the moment, Renault enjoys the special legal status of a "regie," or government controlled agency, which means that even with huge accumulated losses and debt, the company has not had to face the prospect of bankruptcy.

Now the French Government wants to treat Renault like any other company, Page 4

At the same time, the leadership of the UAW's Ford department is thought to be more determined to win better terms for its members than the GM leadership, which is believed to be seriously concerned about its employer's unsatisfactory financial performance.

Thus the selection of Ford as the initial bargaining target might suggest that the UAW intends to adopt a relatively tough bargaining stance. In the past, the contract agreed between the union and the targeted automaker has almost invariably been followed by a rapid and fairly amicable agreement with the other manufacturers along the same lines. This year, however, it seems quite possible, that GM might baulk at any agreement which Ford negotiates with the UAW. This could raise the possibility of a protracted and bitter dispute between the union and the leading automaker even if an amicable deal is reached at Ford.

Vote for merger divides UK Social Democrats

By Peter Riddell in Portsmouth

SUPPORTERS of a merger between the Social Democratic Party and the Liberals won a clear majority at the SDP's conference in Portsmouth after an impassioned five-hour debate.

But the party remained deeply divided and a substantial minority looks likely to support Dr David Owen, the former party leader, in staying outside any merged party which may be formed next spring.

The key vote, on a proposal to allow SDP members a choice of joining the new party or remaining as Social Democrats, was defeated by 228 votes to 151. Supporters of merger argued that it would blur the issue and undermine merger talks. This majority, on the ruling Council for Social Democracy, is a slightly larger margin than in the vote of SDP members in a ballot on merger talks 3½ weeks ago.

Mr Robert Maclennan, the new party leader, who did not speak yesterday, is expected to make an appeal for unity in his major conference speech this morning. He will hold talks later this week with Mr David Steel, the Liberal leader.

Mrs Shirley Williams, the SDP President, said afterwards that party members 'had marched into history.' Senior Liberals present for the debate were delighted and predicted that a merger would be overwhelmingly supported at the Liberal assembly in Harrogate in a fortnight's time. This may make a separate Liberal ballot on the principle of union unnecessary.

There would then follow detailed negotiations between the two parties up to Christmas, followed by decision-making conferences and ballots in January and February.

Dr Owen conceded last night on Channel 4 television that there was a majority for merger in the party and that this would probably stay. He said, however, that it was perfectly clear from speech after speech that a large number would stay as Social Democrats. In spite of yesterday's vote he hoped it would be possible to achieve amicable separation and to have friendly relations with the new party afterwards.

Mr John Cartwright, the SDP whip and a close ally of Dr Owen, warned against taking 'precipitate steps' and urged members to see the outcome of the talks. But Dr Owen's supporters believe a merger will take place and preparations are well under way, in a Campaign for Social Democracy, to set up an independent Social Democratic group.

Conference reports, Page 6

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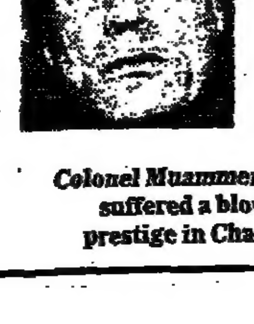

SHADOWS DARKEN OVER LIBYA'S REGIME

Colonel Muammar Gadaffi has suffered a blow to his prestige in Chad, Page 4

UK textile makers seek ban on Belgian aid plan

BY WILLIAM DAWKINS IN BRUSSELS

BRITISH TEXTILE producers have called on the European Commission to outlaw Belgian Government plans to pay BFr 2.7bn (£34m) worth of subsidies to its own manufacturers.

The Belgian aid includes BFr 800m to be paid to textile and clothing companies this year with the balance to be disbursed by the end of 1989, making it one of the largest state subsidy schemes to be challenged by the Brussels authorities.

This would give beneficiaries an unfair competitive advantage and "is a flagrant breach of the Belgian Government's obligations" to observe EC rules against most forms of state aid, argues the British Textile Confederation (BTC) in a letter to the Commission made public today.

"Companies in countries such as Britain, where this kind of sectoral subsidy is not available, will lose ground in the EC market," claims the Confederation.

The Brussels authorities have already started an investigation and have announced that in principle the Belgian textiles aid scheme contravenes EC competition law. The Belgian Government failed to consult the Commission before implementing the scheme and Brussels believes that the Belgian textiles industry is doing well enough to get on without such support. The Commission is collecting comments from others in the industry before making a final decision.

The BTC has been a vociferous campaigner against textile industry subsidies for other member states ever since the Commission refused a UK proposal two years ago to spend £20m on technology assistance for small textile producers.

The Confederation claims that the Belgian industry is already among the best equipped in the EC thanks to more than BFr 10bn worth of state help awarded earlier this decade, before the Commission banned state textile subsidies.

Moreover, claims the Confederation, the Belgian industry already has the highest growth rate in the EC, with production up by 6.7 per cent last year as against a Community average of just under 1 per cent.

Belgium's textiles industry is one of five traditional sectors —the others are steel, glass, coal and shipbuilding—which are kept under the country's central government control.

The Belgian government claims the aid is for training and restructuring.

Work starts on landslide lake in Italy

By John Wyles in Rome

FOR A FEW hours on Sunday morning a television camera stationed high on a mountain above Italy's newest lake, the Lago di Pola, created by a tragic landslip in July, provided pictures just as absorbing as those coming from the World Athletic Championships in Rome.

Viewers were able to watch the slow-motion rise of the waters as they first licked the muddy southern banks of the lake and then crept over into channels bulldozed through the landslip over the past few days. Mr Gino Baruffi became an instant national hero as he continued to operate one earth-mover when it became clear that a section of banking needed further attention.

Power station

By yesterday morning water was beginning to flow from the lake into the bed of the River Adda. The river had been drying up since July 28 when a whole mountainside crashed down on to two villages, killing more than 20 people and blocking the upper waters of the river.

The lake's level had been steadily increased since early Saturday morning by water released into the Adda from a power station further up the valley, just south of Bormio. Many technicians had judged the manoeuvre extremely risky: there was a danger that the wall of mud damming the lake from the valley below might collapse under the extra volume of water.

Less vulnerable

It was still too early yesterday to judge the operation a success; the experts believe that the first stage of reducing the water level has been accomplished. Once the waters have receded, the homes of the 26,000 people who have been evacuated from the 20 villages south of the lake will be less vulnerable, either to a fresh landslide into the lake or by further torrential rains.

Ozal seeks vote to ban politicians

BY DAVID BARCHARD IN ANKARA

MR TURGUT OZAL, the Turkish Prime Minister, appeared on television over the weekend with an unmistakeable hint to the electorate to vote *against* allowing banned politicians to return to active politics.

As the runup to Turkey's politically fateful referendum next Sunday began, Mr Ozal told Turkey's voters to listen to their consciences when they voted. But he reminded them that in 1982 they had voted in an earlier referendum under the military by 92 per cent to bar the politicians from returning to national life.

The main issue at stake is whether Mr Suleyman Demirel, the Prime Minister twice deposed by the military, should be allowed to return to politics. As things stand at the moment, Mr Demirel would pose a very serious threat to Mr Ozal and his ruling Motherland Party. Mr Demirel has been recently drawing much larger crowds than Mr Ozal

About 242 politicians are said by the Government to be affected by the bans, though a definitive list of them does not seem to exist and is certainly unknown to the voters.

The former politicians themselves, including Mr Demirel, are still banned from speaking on Turkish radio and television, though the leaders of recognised political parties will be able to do so during the week.

Mr Ozal said he found it *strange that the former* politicians appeared to be saying that the electorate did not have the right to vote against their reinstatement. He also spoke at length about the problems of Turkey in the 1970s and said pointedly that a "yes" vote would mean the return of the former politicians of that period.

Mr Ozal will be giving a second, eve-of-the-poll speech on Saturday at which he has promised to make a major announcement.

CSU threatens boycotts over Kohl Pershing offer

BY PETER BRUCE IN BONN

WEST GERMANY's right-wing Christian Social Union said yesterday that it planned to boycott a series of Government meetings *in protest against* Chancellor Helmut Kohl's Pershing missiles offer last week.

The CSU's decision is the most serious breach of unity since *Mr Kohl's three-party* coalition came to power in late 1982. The defiance follows Mr Kohl's offer last week to destroy West Germany's 72 Pershing 1A nuclear missiles if the two superpowers reach an arms agreement in Geneva this year.

It also comes at the end of a summer of in-fighting about policy in which senior managers of Mr Kohl's Christian Democrats (CDU) have spoken of the need to attract votes from the left of the Government's centre-right base. The CSU has attacked this as an attempt to move the CDU-CSU alliance to the left.

The CSU, led by Mr Franz Josef Strauss, has been angered by the fact that Mr Kohl did not consult them before making his missile offer — CSU leaders say the Pershings should have been used to bargain for further *Warsaw Pact arms cuts — and* Mr Strauss called an emergency party executive meeting yesterday in Munich.

The Chancellor's *decision not to consult Mr Stauss about* missiles comes after weeks of criticism over Mr Kohl's failure to stop a row among ministers over whether to grant asylum to *Chilean refugees. He also* knew that his offer would be hard to oppose. Domestic opinion polls late last week showed up to 90 per cent support *for the proposal.*

Instead, the CSU has chosen to attack the way the decision was made and to concentrate on the lack of consultation, which it called a "snub and repudiation." It is also possible the CSU might use an emergency debate tomorrow on the Pershings, to embarrass the Chancellor by voting against their eventual removal.

Bulgaria scraps privileges for places in schools

BY JUDY DEMPSEY IN SOFIA

SCHOOLS AND universities will no longer be obliged to retain a number of places for the children of government and *party officials, it was* announced by the Politburo of the Bulgarian Communist Party which recently proposed a restructuring of the political, social and economic structures throughout the country.

Those affected by the ruling will include the sons and daughters whose parents died *while serving in the line of duty* in the army, or whose parents were involved in the pre-war communist movement and the anti-fascist movement during the Second World War. Privileges have also been scrapped for the children of those people who have been awarded the title of Hero of the People's Republic of Bulgaria. The special places set aside in the schools and universities for those who come from backward areas will be abolished as well.

The decision to do away with these privileges is part of the Bulgarian authorities' new policy of revamping the image of the party which has often remained aloof from ordinary *citizens* and which was building up a reputation as corrupt and

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Finnish budget puts squeeze on taxpayers

By Olli Virtanen in Helsinki

THE FINNISH Government, cocerned about the overheating economy, plans to squeeze more money out of the pocket of the average taxpayer in its budget proposal for next year.

But the budget will also increase child benefits and technology research funding, and state-owned companies will be allowed to raise money on the *stock market.*

The first budget by the present right-left coalition government totals FM 114bn (£15.8bn), up 3 per cent in real terms from this year.

The government stepped on the brake pedal by adjusting income tax tables by just 2 per cent even though consumer prices are expected to rise by 3.5 per cent next year. Tax allowances will not be adjusted.

The difference pocketed by the taxman, about— FM 900m (£125m), will be set in a special reserve at the Bank of Finland. According to Mr Erkki Liikanen, the Finance Minister, the excess funds will be used to pave the way for reduction in Finland's high marginal taxation in 1989.

EMS reform 'necessary if Britain to benefit'

BY MICHAEL PROWSE

The UK would gain little by becoming a ful member of the European Monetary System un*less the rules of the* currency pact are significantly changed to reduce West German dominance and allow a more co-operative approach to monetary *policy-making within Europe.*

This is one of the main conclusions of a study* of the EMS published today by three economists at Credit Suisse First *Boston, the securities house.* The report analyses reform proposals recently put forward by Mr Eduoard Balladur, the French finance minister, and argues that *changes will be* necessary whether or not Britain becomes a ful member.

The study says reform is necessary partly because policy *objectives have changed since* the EMS was set up. In 1979, the main priority was to reduce inflation and members were happy to peg their currencies to the D-mark and *reap* the benefits of the Bundesbank's tough monetary policy.

But members, say the report are now more concerned about *unemployment* and are less willing to allow the conservative West German central bank to dictate European monetary policy.

The authors say the Bundesbank's power has been greater than originally intended because *central banks have found it* necessary to intervene before currencies move to their maximum permitted limits. But there are no formal rules *governing such "intramarginal"* intervention and this gives the Bundesbank great leverage. It is not obliged to support weaker currencies until the maximum limits are breached.

The study is sympathetic to French calls for more power-sharing within the EMS and for revised rules on intramarginal *intervention.* But it notes that more co-operative policy-making, based on scrutiny of the evolution of economic "indicators" in Europe, could undermine West Germany's traditional role as a monetary anchor and bulwark against inflation.

The UK would fit better into a reformed and more co-operative EMS in which it, along with France, West Germany and smaller members, would jointly determine monetary policy objectives.

* *Advance or face retreat: the future of the EMS. By Gerald Holtham, Giles Keating and Peter Spencer.*

Paris reduces growth forecast to less than 2%

BY GEORGE GRAHAM IN PARIS

THE French Government has reduced its expectations for the country's economic performance this year. Mr Edouard Balladur, the Finance Minister, conceded that growth was likely to be less than 2 per cent, compared with an initial budget forecast of 2.8 per cent.

Inflation is now expected to exceed 3 per cent, Mr Balladur said in a radio interview at the weekend. Consumer prices have already risen by 2.4 per cent in the first seven months of 1987. The original budget projection for 12-month inflation of 2.0 per cent was later adjusted to 2.4 per cent.

Mr Balladur also confirmed his intention to privatise one of the three state insurance companies in December. The choice lies between Union des Assurances de Paris, the largest of the three, and Assurances Generales de France, he indicated.

Despite the revised forecasts, the Finance Minister painted a generally favourable picture of France's economic performance. He said that many other industrial countries had also had to revise downwards their forecasts in the absence of a pick-up in international demand.

The French foreign trade balance was likely to turn negative for 1987, Mr Balladur admitted, but capital investment was improving. He predicted a 16 per cent rise in investment between 1986 and 1988, ahead of the rate in other industrial countries belonging to the Organisation for Economic Co-operation and Development.

The minister also congratulated himself on reducing the central government budget deficit by FFr 45bn in two years and on cutting taxes by FFr 62bn in 1987-88. It was the first time for 30 or 40 years that a government had succeeded in cutting taxes by as much as 7 per cent in such a short period, he said.

At the same time, Mr Balladur admitted that the cuts in income taxes were largely offset by increased social security contributions. He blamed the increase in the social security system's deficit—expected to reach FFr 33.6bn next year even after a set of emergency stopgap measures—on the high rate of unemployment.

If the number of people out of work could be reduced by 100,000, he said, it would increase income and reduce outgoings by a total of FFr 8bn.

The minister confirmed that Compagnie Financiere de Suez, the investment banking group, would be the next company privatised with a launch beginning on October 5. Matra, the electronics group, would follow shortly afterwards.

Vanunu 'hit by guards'

THE lawyer for Mr Mordechai Vanunu, an Isreali nuclear technician accused of treason in revealing Israel's nuclear secrets, said yesterday that his client was beaten by guards on the way to the second day of a closed-door trial, AP reports from Jerusalem.

Mr Vanunu is charged with treason and espionage for allegedly giving documents and pictures to The Sunday Times. The newspaper ran an article claiming Israel had stockpiled 100 nuclear weapons, and was able to make hydrogen and neutron bombs.

Mr Vanunu disappeared from London under mysterious circumstances several days before publication of the article last October.

Mr Vanunu, 32, was brought to the Jerusalem District Court yesterday under elaborate security to prevent him making contact with reporters.

His defence lawyer, Mr Avigdor Feldman, said Mr Vanunu was forced to wear a helmet to conceal his face and, when he attempted to remove it, was beaten by his guards.

Mr Feldman said he had complained to the court about the incident and that the judges would decide at the end of the session whether Mr Vanunu would be compelled to continue wearing the helmet.

Canadian car workers vote for strike

CANADIAN car workers have given their union the authority to call a strike against Canadian subsidiaries of Chrysler, Ford and General Motors, AP reports from Toronto.

The strike could come as early as September 14, the day contracts between the Detroit-based United Auto Workers' Union and Ford and GM expire in the US. The UAW-Chrysler contract expires next year.

Wendy Cuthbertson, a spokeswoman for the Canadian Auto Workers, said on Sunday that the votes favouring the strike ranged from 90 per cent in favour among GM workers to 100 per cent among office workers at Chrysler.

CAW president Bob White said the strong show of support from the 60,000 members possibly gives the union enough leverage to avoid a strike.

White said the union's national executive will meet today to decide which of the companies will be the strike target, or whether to extend the deadline past September 14.

On Wednesday, bargaining teams representing workers at Chrysler Canada, Ford of Canada and General Motors of Canada are scheduled to meet.

Brazil's prices rise 6.3%

By Ivo Dawnay in Rio de Janeiro

PRICES in Brazil rose by 6.36 per cent in August, up from 3.05 per cent in July, according to an early estimate by Instituto Brasileiro de Geografia e Estatistica, the official government agency.

Officials believe, however, that the new surge, taking inflation since January above 250 per cent, will level out in September, maintaining a result around the 6 per cent mark.

Independent economists at the University of Sao Paulo are now predicting monthly inflation by the year end at about 10 to 12 per cent. "It cannot be much higher than that because of wage restraints," Professor Celso Martone predicted last week.

Anthony Robinson on lessons learned by South African strikers

Realism takes over in the mines

"THE CHAMBER has not won and we have not lost." With this somewhat cryptic formula Mr Cyril Ramaphosa, the South African black mineworkers' leader, announced on Sunday night the end of one of the country's longest and most damaging mine strike.

To the surprise of the mining companies and their negotiating arm the 300,000 black miners within the Chamber of Mines managed to keep up their struggle for three weeks without the benefit of strike pay. But, at the end, the union did not gain any increase in pay and settled on terms which its leaders had rejected only five days earlier.

In purely economic terms the chamber's concession of a 10 per cent rise in holiday pay and an increase in death benefit from two to three years' wages looks meagre compensation for the loss of three weeks' pay. Eleven miners also died in the dispute and more than 500 were injured in clashes with mine security or between strikers and non-strikers. More than 400 were arrested.

But the strike—which most affected mines belonging to the Anglo American Corporation, its stablemate Johannesburg Consolidated Investments (JCI) and the General Mining Corporation (Gencor) but left two other mining majors, Gold Fields of South Africa and Anglovaal virtually unscathed—was only superficially about higher pay.

The demand for a 30 per cent across the board increase, reduced to 27 per cent during last week's abortive negotiations, was tangible enough for rank and file members earning on average only 20 per cent of white miners' salaries.

But the strike was essentially a trial of strength between the four-year-old union, which sought to prove the depth of its support and its ability to sustain an effective strike, and the chamber, which was determined to prove that future improvements were more likely to be achieved through negotiations than a naked power struggle.

In a way both sides have made their point and learned possibly valuable lessons from this strike. In the words of Mr Naas Steenkamp, this year's president of the chamber, "maybe there is now a greater realism on both sides. Employers have learned that the union has muscle, organisational capacity, determination and skill while the union has learned that employers can be flexible but can also set limits and stick to them."

On this occasion the union decision to end the strike followed recognition by the union leadership on Friday that Anglo American, which had already announced its decision to close two marginal shafts at Vaal Reefs and Western Holdings mines with the loss of 7,000 jobs, was prepared for further mass dismissals rather than give in to the union.

Ramaphosa: 'no defeat'

With the jobs of 36,000 miners on the line union leaders went back to negotiations, no longer insisting on higher pay but seeking terms for re-instatement of sacked workers.

Union leaders then went back to the rank and file to secure a mandate for a return to work on conditions which, they argued, left the union intact and able to resume the struggle at next year's labour negotiations and in subsequent years.

In the intervening period the miners' union's priority will be to penetrate the defences of companies like GFSA and Anglovaal which until now have most successfully resisted unionisation and whose workers conspicuously failed to join the strike.

Both sides miscalculated the other side's strength at the outset of the strike. The union believes that the chahber underestimated support for the strike and believed it would crumble within two days. Industry insiders concede this but add that the union for its part badly underestimated the resistance from mine managers to further concessions o nthe wages front after a year of what one called "guerrilla warfare" on the mines which has led to a significant hardening of attitudes and pressure on top management from individual mine managers.

Seen in a wider prespective the strike is part of the union's struggle to reduce what senior officials call the almost feudal powers of mine management over all aspects of workers lives—including the maintenance of heavily armed mine security forces run like private armies.

Management, however, defends the maintenance of such forces as being necessary not only to defend property but to ensure the order and discipline whose neglect they fear could lead to more accidents in an already dangerous industry in which over 600 mainly black miners are killed every year.

Peruvian guerrilla squad guns down senior official

BY BARBARA DURR IN LIMA

PERUVIAN GUERRILLAS have assassinated a top government official, Mr Rodrigo Franco, who was about to be named as the next head of the central bank.

Police said a squad of eight guerrillas dynamited an external garden door and the roof of Mr Franco's house on the outskirts of Lima on Saturday. They shot Mr Franco dead as he ran from the house with his wife and seven - year - old daughter.

His bodyguard also died from wounds. Mr Franco's two young sons were slightly injured by the dynamite blast.

President Alan Garcia said the assassination was a tremendous personal blow that "aged me ten years in a single day." He called on all Peruvians to fight against terrorism.

The Interior Ministry said the assailants had been identified, but did not give more details. The Sendero Luminoso guerrilla group, which practises selective assassination of government and ruling party officials was believed responsible.

Mr Franco, who was only 30, was president of Peru's massive state agency for food purchasing and distribution. Colleagues described him as a clear-thinking realist who despite his youth would have been a creditable central bank chief.

The Central Bank has been without a permanent chief since Mr Leonel Siguerоa resigned in June.

World Economic Indicators

UNEMPLOYMENT

	July '87	June '87	May '87	July '86
USA 000's	7,224.0	7,260.0	7,546.0	8,392.0
%	6.0	6.1	6.3	7.1
UK 000's	2,906.5	2,905.3	2,986.5	3,279.6
%	10.5	10.5	10.8	11.8
	June '87	May '87	Apl. '87	June '86
W. Germany 000's	2,096.9	2,098.7	2,215.9	2,078.2
%	7.7	7.7	8.1	7.6
France 000's	2,458.7	2,522.4	2,592.7	2,345.7
%	10.5	10.8	11.1	10.0
Italy 000's	3,213.0	3,218.3	3,143.0	3,169.7
%	14.0	14.1	13.7	13.6
Netherlands 000's	657.9	653.4	667.6	687.2
%	11.5	11.4	11.7	12.0
Belgium 000's	466.1	470.5	482.2	477.9
%	11.3	11.4	11.7	11.6
	May '87	Apl. '87	Mar. '87	Apl. '86
Japan 000's	1,910.0	1,900.0	1,940.0	1,610.0
%	3.2	3.0	2.9	2.9

Source (except USA, UK, Japan): Eurostat

SHIPPING REPORT

Traders wait for oil prices to stabilise

By Kevin Brown, Transport Correspondent

FLUCTUATING OIL prices caused by continuing confusion in the oil industry brought a significant reduction in charterers' inquiries in the Middle East Gulf last week.

Brokers said traders were waiting for prices to stabilise before coming back into the market. This accelerated the build-up of available tonnage, with a consequent effect on freight rates.

There were said to be six very and ultra large crude carriers awaiting cargoes in the Gulf, with many more expected to arrive shortly. E. A. Gibson, the London brokers, estimated that as many as 38 vessels totalling 10m tone deadweight would arrive during September.

Brokers said the result of the next meeting of the Organisation of Petroleum Exporting Countries in early September would be awaited with more than usual anxiety.

The build-up of early tonnage enabled charterers to reduce freighting costs substantially. One oil major was said to have re-let a 270,000 tons cargo at Khor Fakkan to the US Gulf at Worldscale 40, although there would have been hidden costs in bringing the cargo to the transhipment are from Kuwait.

Other fixtures included 235,000 tons to Japan at Worldscale 65, and Worldscale 52½ for two consecutive voyages in the same trade.

There was more demand for ships of the 120,000 tons size to both eastern and western destinations. A build-up of available tonnage led to slippage in rates for larger clean vessels, however: the rate to Japan stood at Worldscale 150 for ships of the 50,000 tons class, with a 10 to 15 point premium for loading in Kuwait.

In the dry cargo markets, brokers reported a midweek setback in the Gulf to Japan trade, with Panamex vessels fixed at $16, and later $15.50.

Brokers said this produced a reaction in both the Biffex and freight markets, but a later fixture reported at $17 restored both to equanimity.

There were said to be definite signs of some ore/bulk/ore tonnage coming back into the dry cargo sector

OVERSEAS NEWS

China persuades Sihanouk to work with rivals

BY ROBERT THOMSON IN PEKING

CHINA HAS patched up the Kampuchean Democratic Coalition, which had shown signs of collapsing in recent days even though all three members having the common aim of pushing the Vietnamese out of Kampuchea.

The coalition's leader, Prince Norodom Sihanouk, told journalists at the weekend that he would not talk to his two coalition partners, but after prompting by the Chinese Government, he has spent the past two days in Peking discussing the Kampuchean problem with his partners.

Prince Sihanouk announced in May that he was taking a year's leave from the coalition in protest at attacks on his forces by troops from another member of the coalition, the Khmer Rouge, which is represented in Peking by Khieu Samphan, former deputy of the regime that was headed by Pol Pot.

It is clear that the Chinese are desperate to keep the prince at the helm of the coalition, as they have flattered him with a 21-gun salute and a series of meetings with senior Chinese leaders, including President Li Xiannian and Zhao Ziyang, the Premier, both of whom promised to continue supporting the prince.

Khieu Samphan, whose mental stability has been publicly doubted by the prince, and Son Sann, the nationalist leader and third member of the coalition, lack the international standing of the prince. The Chinese are anxious to prevent the prince from retiring permanently from his past.

Peking also senses that the Association of South East Asian Nations (Asean) is moving closer to an agreement with Vietnam that would conflict with China's interests in the region. The Chinese had backed the Pol Pot regime toppled by the Vietnamese and are keen to see another sympathetic government installed in Kampuchea.

China disapproved of an Indonesian suggestion last month for a "cocktail party" involving all Kampuchean factions, including the Vietnamese-backed Heng Samrin regime in Phnom Penh.

While Vietnam likes the idea, other Asean members and Peking felt that the absence of Vietnamese representatives at the "party" negotiations would overlook the importance of the 140,000 Vietnamese troops in Kampuchea.

Asean then fashioned a new "cocktail party" proposal that included Vietnamese involvement, which the Chinese welcomed but Hanoi rejected. Peking argues that no agreement can be reached while Vietnam maintains troops in Kampuchea.

Premier Zhao told the prince yesterday: "A national reconciliation without the pulling out of Vietnamese troops would mean setting up a government based on the puppet regime now in Phnom Penh and demanding that the international community accept the Vietnamese occupation of Kampuchea as justified."

Paris watches Chad war developments closely

BY PAUL BETTS IN PARIS

THE French Government is watching the latest developments in the Chad conflict following the recapture of the Aouzou oasis by Libya.

But Mr Jacquest Chirac, the French Prime Minister, and a number of other senior government ministers have emphasised during the last 24 hours that France had not changed its position in Chad as a result of the latest developments.

Mr Chirac, during an official visit in Canada, said that France would continue to give Chad all the necessary support to ensure the country's territorial unity and integrity. But he also said that the French government continued to favour an internationally negotiated solution to the dispute between Chad and Libya over the Aouzou strip, the narrow band of desert on Libya's southern border annexed by Libya in 1973.

However, the French government has warned Libya that it would be prepared to intervene if Libya decided to press its latest offensive south of the Aouzou strip into northern Chad. Mr Edouard Balladur, the French finance and economy minister, who held talks with President Mitterrand on the Chad situation, confirmed the warning during a radio interview at the weekend.

The latest flare-up in Chad was sparked off by the successful raid on Aouzou by the troops of President Hissene Habre of Chad earlier this summer. This prompted fierce retaliation from Libya which was clearly not prepared to suffer another humiliating setback at the expense of President Habre's forces. After a series of heavy bombings, Libya finally succeeded in recapturing Aouzou at the end of last week.

France studies proposals to restructure Renault

BY PAUL BETTS IN PARIS

THE FRENCH Government is studying a major capital restructuring and change in the legal status of Renault, the state car group, Mr Raymond Levy, Renault chairman, confirmed yesterday.

In a letter to the group's employees, Mr Levy said that the proposed changes under study were designed to place Renault on an equal footing with other French state-controlled groups and "turn it into a nationalised company like all the others."

Renault has had the special legal status until now, of a "Regie" or Government-controlled agency, benefiting from what is tantamount to a sovereign state guarantee.

It has meant that, even with huge accumulated losses and debt, the company has not faced the prospect of bankruptcy as an ordinary company would have faced.

The Government has now decided to turn Renault into an ordinary company remaining under state control but without, what Mr Alain Madelin, the liberal Industry Minister, has described as Renault's "comprehensive state insurance coverage".

However, the Government will need to introduce special legislation to change the company's legal status.

It will also have to reconstruct the state group's balance sheet to restore the company's net worth from a negative to a positive position.

Despite major restructuring and substantial improvements in operating performance, Renault continues to be burdened by debts totalling more than FFr50bn ($8.2bn). The company needs between FFr8bn to FFr14bn to restore its net worth.

Mr Levy said that after six years of heavy losses, Renault was now expected to be in the black this year. The group hopes to report a profit of about FFr1bn this year.

Renault's improved operating performance has prompted the Government, the company's shareholder, to accelerate the change in the group's status.

A special bill is now expected to be tabled in the autumn parliamentary session. But the issue is politically delicate.

The pro-communist CGT union has already demonstrated against the proposal by protesting with banners on the roof of the Paris Opera last week.

The private Peugeot car group has also expressed concern over the Government's recapitalisation proposals fearing that it could distort competition between the two French car makers.

Mr Levy said that the details of the changes have not been completed and that the change in legal status would not alter the group's nationalised character.

The Government has also said it had no plans to privatise Renault at this stage.

Mr Levy also sought to reassure employees about the eventual consequences of the change on jobs.

He said that "a new Renault will be born" which will have to fend for itself in a tough international market.

After the string of major industrial restructurings in industry, the privatisation programme, the proposed change in Renault's status is the latest major chapter in the general overhaul taking place in the French nationalised industrial sector.

Shadows darken Libya's revolutionary mood

BY JOAN WUCHER KING

LIBYA TODAY marks the 18th anniversary of its revolution in a sombre mood.

The shadow cast by the US bombing of Tripoli and Benghazi still lingers 17 months later. But the past year has brought a deeper malaise, as uncertainty about the future of Libya's involvement in Chad has gained ground.

This sense of uncertainty has affected all areas of Libyan society, right up to the military hierarchy on which the revolution, and Colonel Gaddafi himself, depends.

Col Gaddafi staked his own prestige and that of his military on his successful management of events in Chad. When he took power in 1969, he was convinced of Libya's rightful ownership of Aouzou, a strip of land assigned to Chad at the time of Libya's independence.

He also believed the rumours (still unsubstantiated) of its uranium and mineral supplies, which he hoped to exploit for the chain of nuclear reactors planned for the 1970s.

In 1973, the Libyan army took Aouzou, which was quickly fortified and which became a base for Libyan help to the rebel groups operating in northern Chad.

What resulted was not power stations, but an increasing involvement with a complicated civil war in Chad. The political fortunes of Libya's main protege, Goukouni Oueddei, rose and fell; the Libyan commitment grew.

Col. Gaddafi

When France intervened in Chad in 1983, Gaddafi still hoped Oueddei could be returned to power. But France drew a line in 1984 at the 16th parallel, and made clear they would defend the southern half of Chad and its government.

From that point onwards, neither Libya nor the rebels could hope to "win" the war in Chad. Deprived of victory, and confined to the north, the rebel movement began to disintegrate.

Disaffection towards the war began to spread among Libya's military as well. No army relishes being put in a holding battle without a chance of success.

Chad drove Libya out of the northern half of the country in March, and capped their success with the seizure of Aouzou in August. Libya retaliated with a series of air strikes north and south of the 16th parallel, and on Friday, said it had retaken the Strip from Chad.

Col. Gaddafi's Chad adventure, like his stream of unsuccessful unity attempts with a host of Arab countries, is part of his overall strategy to spread a singular, near-messianic vision of an Arab nationalism transcending borders.

His efforts have proved unable to surmount politics, however, and his political vision has no takers in the Arab world. His attempts to reverse his country's isolated and weak regional position have been, to date, almost in vain.

Regional and international reversals have fed a growing level of domestic discontent in Libya. Reports of disturbances in Libyan cities followed the demobilisation of troops serving in Chad. This April, a number of army officers were court-martialled for their role in the Chad debacle, and three groups of air force officers have defected to Egypt since the spring.

Two years ago, uneasiness about the strength of domestic political opposition led Col Gaddafi to transfer at short notice five major ministries and the military command from Tripoli to the remote desert city of Houn. The majority of the military's impressive complement of 2,360 tanks and 489 combat aircraft are similarly deployed at desert bases remote from the capital.

Few of the original Revolutionary Command remain close to the Colonel, with the exception of Col Jalloud, the regime's second in command, and Col Abu Bakr Yunis, Gaddafi's Chief of Staff. Col Gaddafi himself is still the regime's ideologue and his domestic political judgment remains final.

Libya's superficial calm of late reflects the Colonel's own low profile. Widespread unhappiness at his government's economic measures nationalising property has not abated, particularly as the economic benefits meant to flow from nationalisation have not materialised.

Consumer durables and foodstuffs remain in scarce supply, and wages have not recovered from the effect of government "profit sharing" decrees which often halved salaries.

The government's achievements in the areas of agriculture, infrastructure and low-tech industries like food processing have fared better than attempts to build up a high tech industrial base. These attempts have suffered from problems of skilled man-power shortages, financing problems, and over-optimistic planning targets.

In social terms, the position of women has improved markedly since the revolution, a singular achievement in a very traditional and religious society. The government has made good use of the media to boost a sense of national identity in Libya, which was lacking at the time of the revolution.

Col. Gaddafi has shown a willingness to overlook ideology when it comes to keeping professional but non-regime personnel to manage the economy and oil sectors. The economy has not escaped the downturn in oil revenues, however, and import restrictions have affected consumer goods, particularly cars.

The government's main domestic support remains the Popular Committees, the instruments of Gaddafi's concept of peoples' democracy.

The Popular Committees may enable Col. Gaddafi to mute some of the public's unhappiness over both the economy and the Chad imbroglio. His capacity to move Libya's revolution to a new stage, post-Chad, depends on his willingness to abandon a policy course which has brought him nothing but international reverses.

Near-miss causes Thai holiday airline crash

A THAI AIRWAYS Boeing 737 trying to avoid collision with another airliner crashed into the sea yesterday as it approached the holiday island of Phuket, Agencies report from Bangkok.

Air Marshal Narong Dithipeng, the airline's managing director, said the domestic airliner was trying to avoid hitting a Hong Kong-based Dragonair Boeing 737 when it crashed eight miles from Phuket airport. Phuket is about 540 miles southwest of Bangkok.

There was some confusion over casualty figures. Though airline officials had said all aboard were killed, Narong later said many of the 83 people on board apparently survived.

Thirty-seven of the passengers were foreigners.

MALAYSIA'S 30 YEARS OF INDEPENDENCE

'Lucky country' with much to celebrate and much to fear

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA celebrated its 30th anniversary of independence from Britain yesterday, with its 16m population greeting the occasion in a sombre mood. There is much to celebrate, and much to fear.

A fair-sized country, with no population pressures and a solid bedrock of natural resources, Malaysia, like Australia, can consider itself as a "lucky country."

Many states which achieved independence after World War II have stagnated or degenerated into strife. Malaysia has progressed.

It has had its share of challenges. It defeated a long-drawn communist insurgency at birth, and survived President Sukarno's confrontation in the mid-1960s. The Malaysian Federation remained intact despite Singapore's expulsion in 1965.

Racial riots rocked the nation in 1969, taking several hundred lives, but peace was restored quickly and the country went ahead to enjoy a decade of unprecedented prosperity on the back of a commodity boom. But racial harmony has always been fragile. Malaysia has never quite succeeded in taming its most dangerous enemy: communism. This is alive and well today, taking new forms and attracting new adherents, willing to pay it homage in return for power.

The Malaysian population comprises 52 per cent Malays, 30 per cent Chinese, 8 per cent Indians and the rest a dozen non-Malay native groups.

In such a delicately balanced structure, the race champions have an open field, but when racists disguise themselves in religious garb, or cohabitate with religious extremists, the mischief they stir up is a dangerous brew.

Malays had every justification to feel insecure at independence, their numerical majority was tenuous, and they were economically the most backward of the three major races.

But at every crisis, they succeeded coming out on top, enlarging their influence and power in the process. After 30 years, they are politically the dominant community controlling every level of government and the armed forces, and catching up in every other field.

The Malaysian social fabric has so far endured every tension, thanks to an expanded economy, a moderate and reasonably efficient government and the capacity of Malaysians to give an take.

But circumstances have changed quite dramtically i n recent years to give reason for fear.

Between 1984-86, the nation suffered its worst-ever recession, with the collapse of commodity prices, and an erosion of business confidence, arising from a spate of financial and political scandals.

The economy is slowly turning around, and a real growth of between 2 and 3 per cent is expected this year. Exports are doing well, and for the first time since 1979, Malaysia is expected to have a surplus of $400m in its current account. A growth rate of 4 per cent for 1988 is likely if commodity prices remain steady, and there is no sudden downturn in the industrialised economies.

Despite the recovery, unemployment is becoming a serious problem, rising faster than government forecasts. From 7 per cent in 1985, it has risen to 10 per cent and may hit 12 per cent by 1990.

A big push is being made to attract foreign investment, seen as a vital catalyst for growth. Dr Mahathir Mohamad, the Prime Minister, visited London last July to bury his quarrels with the British and to tell businessmen to invest to take advantage of Malaysia's greatly improved competitiveness and relaxation on foreign ownership.

The real problem facing Malaysia is one of confidence. This is not helped by the poor showing of Dr Mahathir, who just managed to retain his leadership of the United Malays National Organisation last April, despite leading the party to its biggest ever general election victory eight months earlier.

Taking advantage of the 30th anniversary celebrations, elder politicians, including Tunku Abdul Rahman, the first prime minister, and liberal groups, are calling for a constitutional review to entrench the principles of racial co-operation, constitutional monarchy and parliamentary democracy embodied in the 1957 constitution.

Moslem groups, however, want the constitution remodelled along Islamic lines. These two approaches symbolise the Malaysian dichotomy.

Decision to cancel Lavi fighter provokes protests from workers

BY ANDREW WHITLEY IN JERUSALEM

THOUSANDS of Israeli aircraft workers blocked the Tel Aviv to Jerusalem highway yesterday, burning tyres and throwing stones at passing cars, in an outburst of anger at Sunday's cabinet decision to cancel the controversial Lavi combat aircraft.

The coalition Government decided by the narrowest of margins, 12 votes to 11, not to put the aircraft, on which $1.5bn has already been spent, into production. Two prototypes have been flying since last December, and the first squadron of the advanced ground-attack aircraft were due in service in 1991.

Spiralling development costs, which have risen from an original estimate of $710m in 1980 to anywhere between $2.6bn and $3bn, were the deciding factor in swaying most Labour ministers, who had originally backed the project, to vote against it. Ranged in opposition had been a formidable, albeit unlikely, alliance of the Treasury, the General Staff of the armed forces and the US Government.

In an attempt to soften the blow, and keep together Israel's pool of skilled aeronautical engineers, Mr Shimon Peres, the Foreign Minister, has proposed that state-owned Israel Aircraft Industries turn its attention to a new military aircraft project – for which a need has yet to be defined.

The face-saving proposal has not been endorsed by the air force, whose stated preference for more General Dynamics F-16s over the Lavi was an important element in the intense debate of recent months. Nor has it received the green light from the Reagan Administration, which provides Israel with $1.8bn in annual military aid.

But the first consequence of the cabinet's decision is likely to be the opening of negotiations with the US aerospace company on either co-production in Israel of the F-16C, the latest version of the interceptor, or the purchase of US-made aircraft into which the avionics developed for the Lavi could be inserted.

At a "fly-away" cost of $14.5m each, the purchase of up to 150 F-16Cs together with spares would produce a deal worth some $3bn spread over the next five years.

The day Uncle Sam said no, Page 16

Nationwide Anglia.

Why one building society is better than two.

Nationwide and Anglia are not getting together on September 1 to bring about Britain's biggest building society merger.

Nor are we doing it just to have more branches than any other building society.

Nor even to offer more services within those branches. Although we do.

The answer is quite simple (which makes a change for a financial organisation).

We are getting together to give you a real financial alternative.

In recent years Nationwide and Anglia had independently been setting the pace among building societies with innovations like an interest paying current account and cashless shopping.

Quite simply we had been keeping pace with changes in the way people want to use their money.

So it made sense to get together. It means we'll be able to offer all the traditional services of building societies as well as many of the services provided by banks, estate agents and insurance companies.

The best way we could do this was by combining our resources and our experience to create a new kind of building society.

We started by asking people what they wanted.

Then we developed new services; we worked harder to make our mortgage packages and investment opportunities even more competitive.

But most importantly we are creating a building society with people who really do want to help you make the most of your money.

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Jenkins rejects electoral pact with breakaway MPs

Reports by Tom Lynch and Ralph Atkins

A MERGED Liberal-SDP party would not oppose any of the three sitting Social Democrat MPs who have made it clear they will not join the new grouping, but it would not conclude an electoral deal with them, Mr Roy Jenkins, the first leader of the SDP, told the conference yesterday.

"It is inconceivable that an Alliance party over which I had any influence would put up candidates against Dr David Owen, in Devonport or in Woolwich or Greenwich," he said, summing up an all-day debate on the future of the SDP.

However, he warned: "The idea that the United Alliance party would be prepared to negotiate with a breakaway Social Democrat group for them to fight a tranche of seats does not sound serious."

Mr Jenkins, recently ennobled, was given a warm standing ovation by delegates. He recalled the energies and resources devoted in the early days of the SDP to seeking allocation talks with the Liberals.

Unity would take place partly to escape from that sort of activity, he said.

He described as "chilling" the proposal by the former SDP leader for an "amicable divorce" between proponents and opponents of a merger.

If he and Dr Owen, who agreed on almost every policy, could not be comfortable in the same party there was a danger of a large number of small parties being formed.

It was "an immensely dangerous fantasy to behave as if we were already living under proportional represenation," particularly as the Government was set against it.

Mr John Cartwright, MP for Woolwich, indicated that the anti-merger camp would not move to set up a separate organisation until after the ballot of merger terms. There would be "no precipitated action, no steps that will lead to divisions and splits until we see the outcome of the negotiations."

He said "some people seem to imagine that all you have to do is sound the trumpet of an allied party and wait for the walls of the old political system to collapse.

The Labour Party had waited 45 years to gain power, but "some of our friends want to throw in the sponge after six years."

Mr Cartwright said the argument that policy differences should be resolved within the new party was "a receipe for continued faction fighting."

For those opposed to a merger "this is not a question of policy detail or constitutions or things of that sort. It's a question of where you feel comfortable and at home in politics. No ballot has the right to tell me which political party I *should be a member of.*"

Replying to appeals for him and his allies to work within the new party, he asked: "If we don't feel able to make that contribution from within its ranks, why shouldn't we be allowed to make that contribution from a position alongside it?"

Any attempt by Dr David Owen and his anti-merger followers in the SDP to go it alone as a separate party was doomed to failure, Mr Charles Kennedy, MP for Ross, Cromarty and Skye, told the conference.

"The accommodation within British politics is fully booked. There is no room at the inn for further parties if we are to put forward the policies we all agree on," he said.

He rebuked "those pursuing an inflexible line" for using the language of confrontation to persuade others to co-operate, and suggested that the SDP's current problems were connected with "old battles and old scores from the time when most of the party's leading figures were still in the Labour Party."

The "insanity" of events within the SDP since the general election had "moved this party, and prospects for a serious third force ever breaking through, to the edge of a cliff."

The emergence of Mr Robert Maclennan as party leader was "the first sane step back from the edge of that precipice."

Ms Sue Slipman, a member of the National Committee, said a merger with the Liberals trapped the SDP in a party characterised by factional infighting.

She said there was a crisis among opposition parties in Britain and urged delegates not to indulge in bitter disputes.

Equally, it was misguided for Dr Owen's supporters to refuse to contemplate a merger under any circumstances.

Both Mr Smith and Ms Gillian Bundred (Liverpool) said they had voted against merger talks but urged all members to respect the result of the ballot.

Ms Bundred rejected appeals by Dr Owen for an amicable divorce, arguing that the marriage lines had not yet been signed and that parties had not seen the matrimonial home.

There was also strong criticism of the party leadership from several delegates.

Mr Peter Leighton (Waltham Forest) said that after Mr David Steel, the Liberal leader, had "bounced" the SDP into merger discussions the party's National Committee "was stampeding the party into a split."

Mr Stephen Robinson (Preston and Ribble) said the SDP had become "the summer's entertainment" because of the way the merger issue had been handled by the leadership.

This view was supported by Mr John Grant, from the party's trade union association, who argued that a company board would have been sacked if it had produced "the kind of mess we are in."

It was "futile self-righteousness to maintain a defiant anti-merger front" but he backed the move to seek policy commitments in the new party.

However, Mr Mark Goyder (Swale) argued that the new party should be built on the political principles enshrined in the Alliance programme for government.

Several delegates expressed concern that too much might be given away in negotiations. Mr Anthony Kinch (Brussels) warned: "The danger lies in negotiating for success at all costs.

He argued that the word liberal must not appear in the title of the new party.

The case against the merger was put strong by Mr Harvey Showman who argued that the existence of the Owen faction would strengthen the hand of those negotiating with the Liberals.

He said: "If I am to die politically I would rather die with my boots on and my integrity intact than be eaten alive by a Liberal party showing no signs of modifying its policies. The Liberals have now played with those in favour of a merger as a cat plays with a dying mouse."

In a powerful speech, frequently interrupted by applause, Mr Ian Wrigglesworth, who lost his parliamentary seat in the general election, said he was dismayed and angered by events since June.

He said he had voted for the first option in the ballot on the future of the SDP, which called for closer links with the Liberals without merging. But he said he had tried to persuade the party's National Committee not to hold a ballot at all.

It was wrong, he told the conference, for Mr David Steel, leader of the Liberals, to call for a merger within days of the election result and that it was wrong for the leadership—including Dr Owen—to go for a ballot so quickly.

"We should not have had a ballot because we did not know what we were balloting about," he said.

By voting agianst merger he had hoped members would have been able to retain their commitment to social democracy within a new framework with the Liberals. However, he now accepted the vote of the majority of voters.

"If the membership has spoken, then we must go ahead with the decision as quickly as possible," he said to considerable applause.

"Give it a chance. That is my message to the conference."

The controversial amendment which called on the National Committee, in the event of a merger, to split the party's assets between merger and anti-merger factions, was moved by Ms Sally Malnick (Barnet).

She said that at this stage she was neither for nor against a merger. Her amendment was designed as a "genuine attempt at bridge building."

The SDP, she said, was not a collection of assets or ideas but of individuals.

"If some of the bits of the SDP exercise their democratic right not to join a new party, then they are by logic still bits of the SDP," she said.

The problem the party faced was that the democratic right to decide which party to join conflicted with the principle of one member one vote.

"It is not that we are vicious, it is not that we are vindictive, but that democracy is dear to all of us," she said.

Ms Fiona Beckett, a regional representative on the National Committee, said that to argue for a merger was to forget why the party was set up separate to the Liberals in 1981. She said the political mould should be broken by "partnership rather than conscription."

"When *shareholders* are asked to vote on a merger they are given the terms and conditions beforehand," he said.

Mr David Sainsbury, one of the party's trustees and a major financial backer, appealed to delegates to "pull the party back from the brink of disaster."

Backing an amendment recognising the right of individuals to "remain members of the SDP" he said the party would disintegrate unless it was recognised that nothing could be done to stop people calling themselves Social Democrats if that was what they wanted."

Mr William Rodgers, one of the SDP founding Gang of Four, drew a contrast between statements by the anti-merger camp that the two factions should part as friends and their argument that even though they had lost the merger baalot, they would take the SDP with them away from the new party.

Mrs Rosie Barnes, MP for Greenwich and a leading opponent of merger, said about a third of party members were undecided.

"Do you believe that if we spend the next six months fighting for the undecided third there will be anything worth fighting for?" she asked.

Mr David Marquand, former Labour MP, said members had to accept that it was "enormously difficult" to reform the political system if they were forced to work with in it.

Without the luxury of a proportional representation system, a fourth political party would have little chance of success.

"The question that should be running through everybody's mind is, how can we improve our chances of success in this system?" he said.

He argued that the majority decision in the merger ballot should be respected. "What effect would it have on the credibility and authority of this party were we not to honour the decisions of our own members?"

Mr David Sturatgar (Oxford West and Abingdon) said members of his area party wanted genuine negotiations with the Liberals but the terms had to be "acceptable and satisfactory."

He urged Dr Owen and his supporters not to leave the party before the outcome of negotiations with the Liberals were known.

Alan Harper

Robert Maclellan, Bill Rodgers and Ian Wrigglesworth listen to the debate

OBJECTIVES FOR NEGOTIATIONS

THE CONFERENCE decided to enter negotiations with the Liberals with the objective of creating a new party "incorporating the SDP" with a democratically-elected leader, a common set of principles, democratically-elected policy-making machinery and a constitution based on one member one vote and a national membership list.

The conference also instructed its negotiators to seek a commitment by the new party to the following five principles.

- An open, classless and more equal society.
- Social justice.
- Economic justice and efficiency, a profit-driven market economy based on honest trading, a fair balance between consumer, employee and shareholder, and the widest involvement of people in their work.
- Political reform, designed to decentralise government, protect individual rights and establish a fair voting system.
- Collective and common security.

The conference further decided that issues of party policy "may require to be discusssed prior to the completion of the negotiations."

However, delegates narrowly rejected a motion backed by opponents of a merger to enshrine the right of individual members "to remain members of the SDP and to set out the division of the party's assets after the merger terms have been put to a further ballot."

Caution to pro-merger faction on party name

Dr David Owen, the former SDP leader, appealed to the party's pro-merger faction not to force him to use a constitutional device to frustrate a negotiated settlement with the Liberals.

In a generally conciliatory speech to a packed fringe meeting organised by the anti-merger Grassroots Uprising, he said he wanted to work closely with any merged party.

However, he repeated his views that those who wished to join such a party were not entitled to take the name of the SDP with them.

Reminding delegates that any merger terms would require the approval of two-thirds of the policy-making Council for Social Democracy, Dr Owen indicated that he would not seek to block a merger by insisting on this procedure unless the pro-merger faction forced the issue of the future of the party's name.

Both sides have previously threatened to take the matter to court.

In her presidential address, Mrs Shirley Williams, a leading advocate of merger, stressed that she was not in favour of "a merger at any price. There are crucial social democratic conditions that must be met."

She said Dr Owen and his supporters should have waited to see the outcome of merger talks. If they believed the structure of the new party "sold short the principles, constitution and policy of the SDP," then they would have been right to reject it.

She warned that a splinter party—even one led by "a towering figure" such as Dr Owen—stood little chance of making any impact on British politics in the near future.

Referring to the plight of the poor and the unemployed, she said: "If the Alliance breaks up—and I do not believe today it carries much credibility—we will not be in a position for many years to offer those people what we promised them in the general election."

In a last-ditch appeal to Dr Owen to reconsider his position, she said: "We need him, but I also believe that he needs us."

Mr Des Wilson, the Liberal party president, urged delegates to seize the "historic opportunity" to create a new party.

Dr Owen rejected the "separatist" tag applied to him and his followers.

He said such a label was disproved by his conduct in co-operating with the Liberals and by councillors of the Alliance parties who were working together across the country.

"I am not blocking anyone from merging. People who want to merge should be entitled to do so, and that new merged party is bound to get a new constitution greatly improved on the Liberal party's. It will be easier to work with than the Liberal Party," he said.

In spite of Dr Owen's tone, the bitterness of many delegates on both sides of the merger debate surfaced on several occasions, with accusations of bad faith by several speakers and some noisy heckling.

Owen admits election campaign mistakes

DR DAVID OWEN, who led the Social Democratic Party during the general election, admitted mistakes had been made in the party's campaign but warned there were no "magical solutions to the problems of British politics."

Speaking in the debate on the general election, Dr Owen said although the party now had only five MPs, the 23 per cent of the total vote it won was not a failure.

He rejected criticism made by some speakers about the quality of the Alliance's party political broadcast during the campaign and deflected attacks on those responsible for organising the national campaign.

"Here is one general who is not going to blame the infantry," he said.

Dr Owen said Alliance policies had taken several years to evolve and the movement wouldrd continue to develop.

"Our task is to convince people that there is a new politics out there,, that we stand for something different."

He told the conference, which greeted him with a standing ovation: "Our time will come. Have confidence, keep your nerve, do not change the strategy."

Mr Ian Wriggelsworth, former MP for Stockton South who lost his seat in the general election, said the party was well prepared for the campaign but its strategy was ambivalent.

"I think we went into the election as well prepared and with as good a manifesto which, in all circumstances, we could have had," he said.

Mr Wrigglesworth, formerly a Labour MP, described the negotiations with the Liberal Party over the policy before the election as resembling "a tea party" compared with his experience of the agreement between the Liberals and the Labour Party in the 1970s.

However, he said the images and themes presented by the Alliance parties in the general election were muddled. It was unclear whether the parties were targeting Labour or Conservative voters and what they hoped to achieve.

In contributions from the floor, several delegates blamed the anti-nuclear weapons stance adopted at last year's Liberal Party conference for losing many votes.

Peter Riddell on a revealing book of David Owen's conversations

Adhering to the foul-up principle

NO-ONE is clear whether it has been the last hurrah or a new beginning for Dr David Owen in Portsmouth. But it has certainly been the end of his four years' personal dominance of the Social Democratic Party.

He has always been an unusual party leader. As has often been noted, he might be better suited for US presidential politics—perhaps he is just what the US Democratic Party has been looking for for so long. He has feeling for the public mood and a cutting edge almost unmatched in British politics.

The problem is that Dr Owen is not a party man and British politics is almost entirely about parties.

And now he is separated, apparently irrevocably, from most of his colleagues of political weight (with the important exception of Mr John Cartwright) with whom he has fought in the SDP for the past six-and-a-half years.

He is heading who knows where. He does not appear to know himself.

His dilemma is underlined in his new, and revealing, book of autobiographical conversations which have been edited and written up by Mr Kenneth Harris, the Boswell of today's famous.

Dr Owen's views about the Liberals and his suspicion of the other three members of the original Gang of Four are well known. What is more interesting is the record of the evolution earlier in his career of his outlook—the nationalism, populism, the belief in a hard centre and his deliberate confrontation of tough decisions.

A recurring theme is his view of Britain's decline and the need to reverse it. He says "the potential of a nation cannot be judged merely by economic statistics: it depends to a great extent on how that nation sees itself.

"For a politician and political party to be entrusted with government they have to be able to express and identify with the national will. The British people do not want to retreat."

He recalls working on a building site in Plymouth during the Suez crisis in 1956, just before going up to Cambridge. "My working mates were solidly in favour of Eden. It was not only that they taught me how people like them think; they also opened up my eyes to how I should think myself. From then on I never identified with the liberal—with a small 'l'—establishment.

"Through that experience I became suspicious of a kind of automatic sogginess which you came across in many aspects of British life, the kind of attitude which splits the difference on everything."

He says the modern equivalent is "a resound attitude to Britain's contiouous post-war economic decline. I felt it during the Falklands crisis, when it seemed that there were too many establishment people who really wanted us to lose. In order to get Thatcher out, you feel, they would willingly have seen the country being defeated."

He says he saw the Falklands invasion "as a test of the country's confidence, a test of how the British lion still should behave when somebody really twisted its tail." The war showed "we were not played out as a nation."

Alan Harper

David Owen: cutting edge

While approval for some of Mrs Thatcher's achievements is one feature of the book, another is admiration for a number of former Labour allies, particularly the recently ennobled Sir James Callaghan, and, in a more qualified way, Mr Denis Healey and Mrs Barbara Castle.

There is a fascinating account of the Callaghan style in Downing Street which contrasts with Dr Owen's approach in seeking to work by consensus and close contact with colleagues.

The book is the testament of a remarkable politician, the first on the Opposition side to appreciate the significance of Thatcherism.

Yet he is also a flawed leader. His vision is that of the man of destiny, impatient of the restrictions and compromises of party.

Yet it is only through party that anything is achieved in a parliamentary system. Joseph Chamberlain and Lloyd George both discovered that, to their cost.

Indeed, what has been lacking so far from Dr Owen is any account of the character and basis of a continuing Social Democrat group outside any new merged party.

It is not clear from where the support would come, whether and when the group would fight elections and so on.

That is why the packed rally of Grass Roots Uprising, the anti-merger group, was so curious. It was more a plaintive cry from the heart than a rallying call to launch a new party.

Maybe Dr Owen does not, himself, know yet whether he has the will or the energy to go through, for the second time, the work to establish a fully-fledged new party—which is what it would be.

His resignation as leader may have been as much a leap in the dark as he says the merger proposals are. It does not appear to have been a deeply worked out plan.

As he says several times in the book, "the foul-up rather than the conspiracy view of politics" is the truth.

David Owen, Personally Speaking to Kenneth Harris, published Weidenfeld and Nicholson, £12.95.

British industry believes outlook remains buoyant

BY MICHAEL PROWSE

SHORT-RUN prospects for British manufacturers remain buoyant, according to the Confederation of British Industry, but companies may experience tougher trading conditions next year as UK economic growth slows sharply and world trade edges down.

However, the CBI's latest monthly trends survey says there is little evidence of overheating and few signs of undue pressure on either prices or capacity.

The conclusions should provide some reassurance for financial markets which are anxiously awaiting July's UK trade figures, also out today. Trade and current account deficits of more than about £800m and £200m for the month are likely to upset the markets which were disturbed by poor figures in May and June.

The CBI's half-yearly economic forecast, also released today, is slightly more pessimistic than an average of independent forecasts published recently and suggests that fears about overheating may begin to recede. The CBI projects UK growth of only just over 2 per cent next year, compared with more than 3 per cent in 1987, a slight rise in unemployment and a sharp reduction in export growth.

It forecasts a current account deficit of £2.6bn in 1988, twice this year's projected shortfall, but small relative to either GNP or Britain's mountain of overseas financial assets. Inflation is set to remain under 5 per cent and benefit from slower than anticipated growth of unit labour costs.

The forecast holds out the prospect of an encouraging rise in capital spending in 1988. Manufacturing investment is projected to grow by 6 per cent after a disappointing estimated increase of only 1 per cent this year.

The trends survey, which covers more than 1,300 manufacturing companies, indicates that total order books are still very strong. The 11 per cent balance of companies reporting above normal orders was the highest since the question was first asked in 1977.

But the CBI gives warning that export order books, while healthy, are no longer improving. The balance of companies reporting above normal orders was 5 per cent in August compared with 10 per cent in July. The dip reflects the strong appreciation of sterling earlier in the year and the expected weakening of world trade.

The survey provides no indication of an upturn in industrial prices in the foreseeable future and suggests that manufacturing output will continue to expand in coming months.

Mr John Caff, the CBI's economics director, commenting on the forecast, said UK industry would find the going tougher in world markets. He said the steadying of domestic growth into 1988 confirmed their belief that the dangers of overheating would recede.

Part-time workers 'suffer from poorer pay and conditions'

BY JOHN GAPPER

PART-TIME workers in Britain are being used by employers as a "cheap and flexible" workforce and are suffering accordingly from a series of discriminations over pay, conditions and status, according to a report by the National Union of Public Employees.

The report argues that the country's 4.9m part-timers – one in five of the total workforce – are often excluded from pension and sick pay schemes, suffer from low work status and have considerably less job security than their full-time counterparts.

Yet it acknowledges that part-time working can have a number of advantages for workers, and many choose to work part-time because of factors such as flexibility of working hours and greater job satisfaction.

The union, 40 per cent of whose 650,000 membership is part-time, is to present the report to the Trades Union Congress in Blackpool next week. TUC leaders have acknowledged that recruitment of part-timers is a necessity if falls in union membership are to be reversed.

The report, including new information on the extent of part-time working in public services, concludes with a 10-point charter of demands on Government and employers which it says unions should press on behalf of part-timers.

Employers should be forced to give part-timers full sickness and maternity pay and allow them equal rights to pensions, trading and promotion, and working conditions such as holiday entitlement, tea breaks and bonus schemes, it says.

The report found that 1.9m of the 5.6m public services workforce in 1986 were part-time workers and some occupations in local government – including many lower-grade jobs such as cleaning and preparing school meals – were overwhelmingly being performed by part-timers.

In local government, 63 per cent of manual staff were working part-time compared with 22 per cent of white-collar staff, and 34 per cent of local authority manuals were women working less than 16 hours a week.

The report – A Fair Deal for Part-time Workers – says that the Government should set a statutory minimum wage, and part-timers should be entitled to state benefits including those for unemployment and long-term sickness.

Managers urged to give positive lead

BY OUR LABOUR STAFF

ATTEMPTS to introduce new working practices at companies are more likely to be accepted by the workforce when changes are also demanded of managers, according to a leading personnel management specialist.

Mrs Sheila Rothwell, director of the Centre for Employment Studies at Henley Management College, says that workers have to be persuaded that they are not merely facing "a series of *ad hoc* gimmicks" intended to whittle down terms and conditions.

Mrs Rothwell, writing in the latest issue of Personnel Management magazine, argues that managers need to develop new techniques and skills to cope with a growth in part-time and sub-contracted staff, and others who are not on site full-time.

She sounds a warning that the encouragement of a peripheral workforce outside an established core may not be in the best interests of all companies although many are likely to have to adopt an increasing variety of employment arrangements.

Employers rule out screening for AIDS

BY JOHN GAPPER

MOST EMPLOYERS have ruled out pre-entry screening of staff for the AIDS virus but would consider changing their policy if it spread significantly among their workforces, according to a new study.

The study of policy in 13 organisations by Incomes Data Services found that most were reviewing their pre-employment medical procedures in the light of AIDS although only one had introduced pre-entry screening and one other was considering it.

It also established that both employers and unions agreed that pressure from fellow employees or customers to dismiss or redeploy a member of staff with the virus should be resisted, but company consultation with unions had been "patchy."

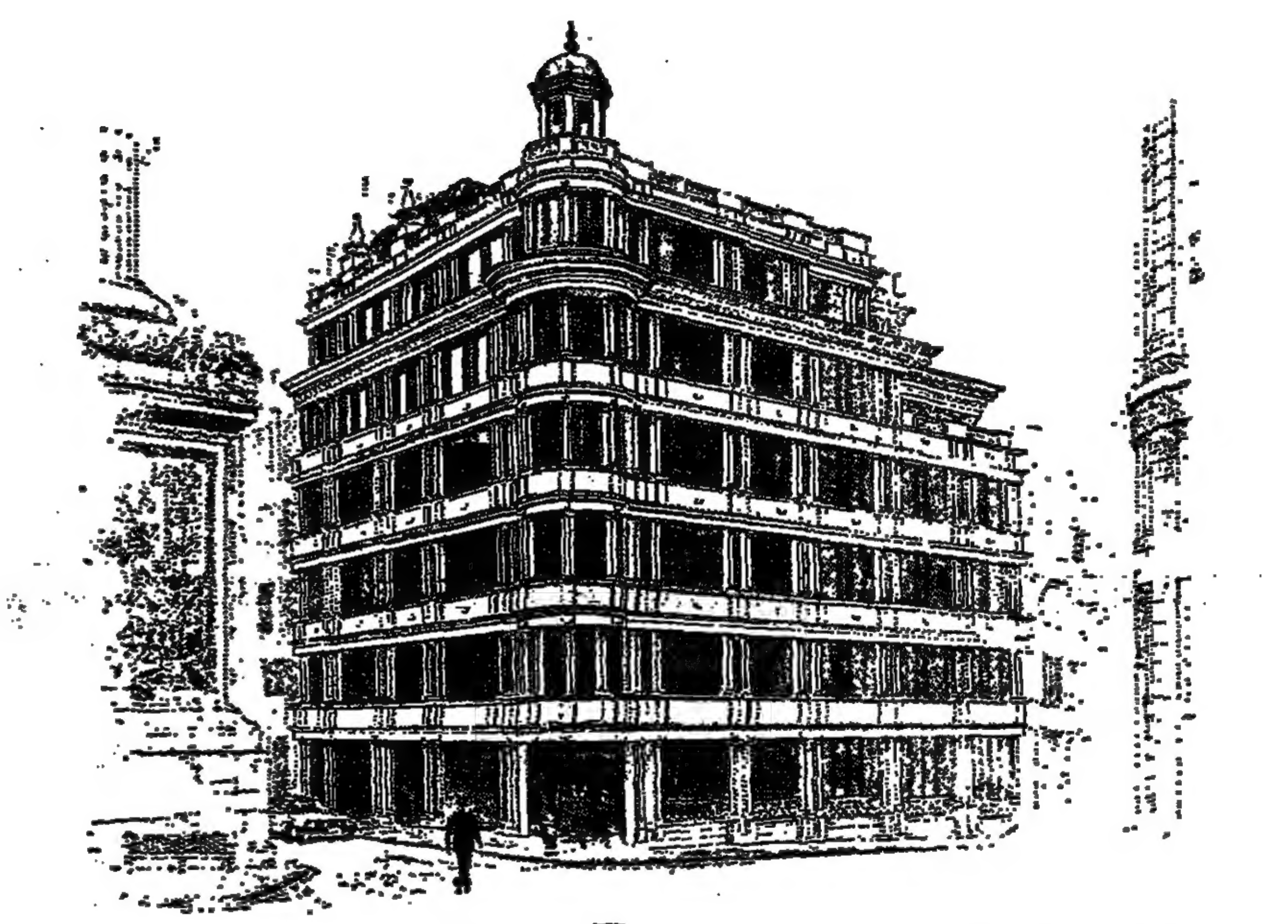
The study points out that, although companies are entitled to reject a person with AIDS on the basis of pre-entry screening without giving reasons, a series of complex problems could arise if post-entry screening became widespread.

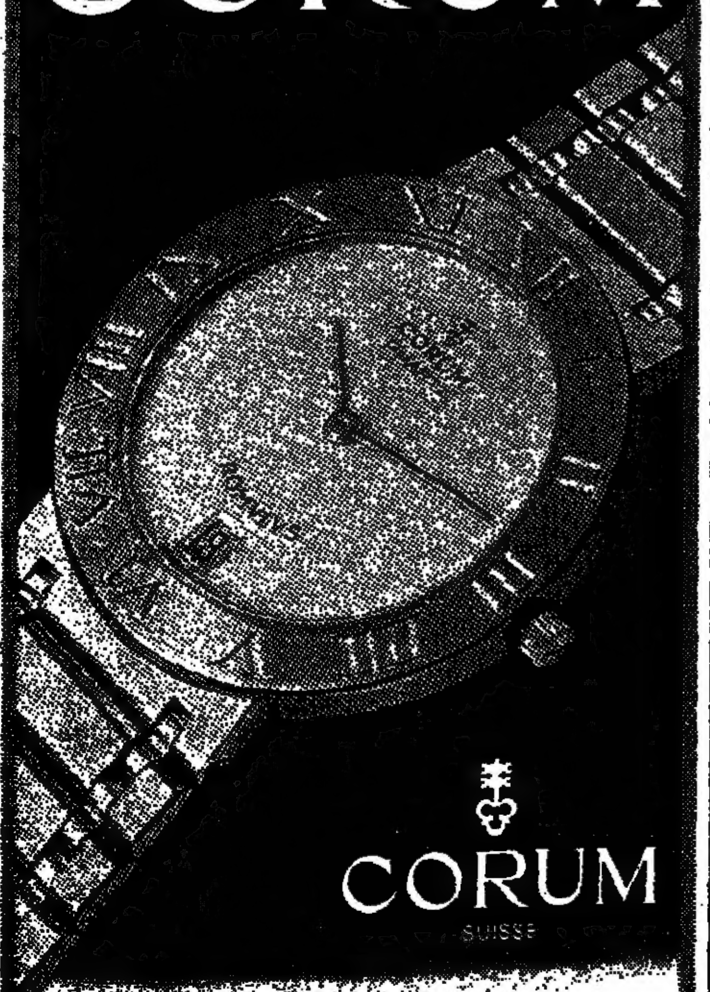
If an employee does not give permission for such a test, any insistence by the company that it is compulsory may constitute a serious breach of contract entitling the employee to resign and claim unfair constructive dismissal.

However, the study says that the 13 companies have specifically rejected post-entry testing as not being "legitimate" and most employers do not expect an employee who contracts AIDS to inform managers.

It finds that, although company policies mostly state that there is no reason not to employ a person with the AIDS virus, employers are sensitive where the job involves duties such as handling food. A high priority has been given by most companies to educational programmes seeking to counter prejudice and fear about the virus and reassure employees that there is no danger in working with someone who has contracted it.

AIDS and Employment; Incomes Data Services; 193 St John Street, London EC1V 4LS; By subscription.





Thomson poised to restructure TV subsidiary

BY DAVID THOMAS

THOMSON, the French electronics group that has bought Ferguson, Britain's largest television manufacturer, is considering ways of improving Ferguson techology and making it more efficient.

Thomson is planning to launch some of its own products in the UK and intends to rationalise the purchasing of components by Ferguson.

Mr Georges Golan, managing director of Thomson's consumer electronics subsidiary, disclosed those points in his first interview since being appointed chairman of Ferguson 10 days ago. Speaking at the Berlin consumer electronics fair, Mr Golan said Thomson wanted Ferguson to retain a strong national identity.

But he added: "The problem is that Ferguson has just had a national market and a national turnover. This is not enough to pay for all the big projects that are needed."

Mr Golan emphasised that decisions on the future of Ferguson would not be taken for another two to three months. But he indicated Thomson's thinking in four main areas:

● New technology. "Ferguson is a strong company, but we have to boost it technologically," Mr Golan said. "Ferguson needs a quicker and more sophisticated development at the top of the range," Mr Golan said.

● Product launches. Thomson intends to launch some of its own products in Britain. "We will probably launch at least one brand name in the UK market," Mr Golan said. Thomson had not yet decided which brand name that would be. But if the company launched Thomson televisions in Britain, it would ensure they did not damage Ferguson, Mr Golan added.

● Component rationalisation. Thomson is studying how to use Fêrguson's position in a bigger group to save on component purchasing. "We will certainly try to have more Thomson tubes than Philips tubes in Ferguson televisions," Mr Golan said.

● Greater efficiency. Thomson would be seeking ways of improving Ferguson's efficiency, possibly involving job losses. "If you don't face the problem, after two to three years, you disappear," Mr Golan said. The new Ferguson chirman emphasised that many of Thomson's plans for the company would take several years to come to fruition.

Ralph Atkins considers how housing inflation might undermine government economic policy

Gloom that lies hidden behind the home price boom

ESCALATING HOUSE prices *have delighted owners but their* possible effect on wages and broader price levels in the economy is a matter of growing concern for the Government.

Several independent economists are arguing that house price inflation might put the Government's drive against inflation at risk.

There are worries too about the expansion of borrowing, much of it to the personal sector, which has accompanied the surge in house prices, and fears that wages might be pushed to excessive levels because of sharp regional differences in house price rises.

Yet there remain broad areas *of disagreement among economists about how important the* various links are between house prices, wage levels and retail price inflation. Even the Bank of England, which identified a number of possible inflationary side effects of the house price boom in last month's Quarterly Bulletin, is cautious about drawing firm conclusions.

Since 1956, the average house price in Britain has multiplied by about 18 times. The retail price index, by comparison, has increased about 8.5 times.

There have been stark differences between regions. Between 1970 and 1986, house prices in London rose 9.5 times. In Wales, they rose 6.8-fold.

The upswing has been caused mainly by strong real earnings growth. That has stimulated demand in a market where long planning and building times mean the amount of housing supply available can respond *only slowly.*

The link between earnings and house prices is evident in the Building Societies Association's ratio of house prices to earnings which, in the post-war period, has remained consistently around 3.5 and rarely strays below two or above five. In the first quarter of 1987, the ratio stood at 3.58.

Although the BSA believes it is rising wages that push up prices, there are other factors that might have helped to prompt house price rises. It is possible that the link also works in the opposite direction.

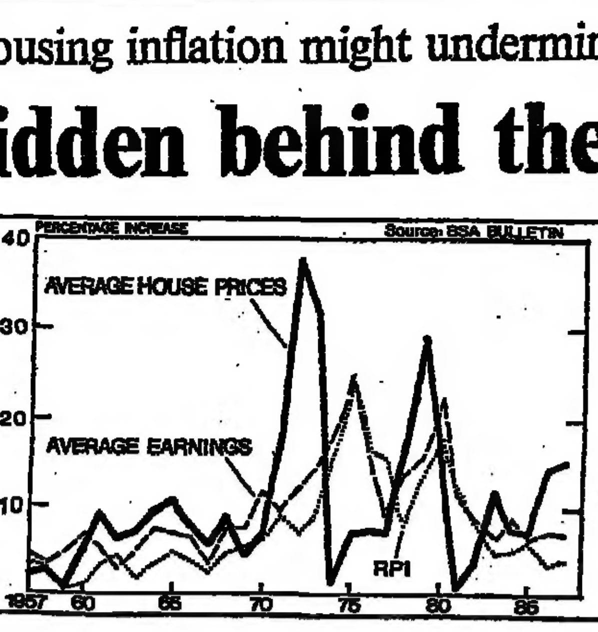
In both the early 1970s and 1980s there were significant in*creases in council house rents.* Recently that has encouraged tenants to buy their homes, but some have also moved into the private sector.

Population movements, a higher incidence of divorces and an increasing desire among the younger generation to move out of their parents' homes have all increased the number of separate households.

That trend towards one and two-person households, however, has exacerbated the mismatch between demand and a national housing stock dominated by two- or three-bedroomed family houses.

Mortgage rates rose in the late 1970s but since 1982 they have fallen from a high of about 15 per cent to about 11¼ per cent at present.

The growing competition between banks and building societies to attract borrowers may also have stimulated the popularity of house buying.



The recent one-percentage-point rise in base rates has stopped mortgage rates falling further, at least for now. But house prices are thought to be relatively insensitive to small moves in interest rates and a much larger rate rise would probably be necessary to dampen sales significantly.

In the south-east of England, price rises have been pushed higher by improved communications—most notably by completion of the M25 motorway. There is greater competition for land, which is frequently in limited supply because of planning restrictions.

In addition, there is an identifiable link between an area's unemployment rate and the pace of house price inflation. Higher unemployment means lower earnings and a reduced demand for houses to buy, easing the upward pressure on prices.

Those distortions and the general scale of price rises across the country is a matter of concern for the Bank of England. Its latest Quarterly Bulletin said they might be a *factor in sustaining inflation*ary expectations and determining wage settlements.

The Bank of England has also questioned *the prudence* of the substantial expansion in credit to consumers, of which *borrowing for house purchases* is the largest component.

Figures published by the BSA on August 22 showed the number of mortgages foreclosed by *building societies* at record levels, which tends to underscore such concerns.

There is a direct link between house costs, including mortgage repayments, which form part of the retail price index, and pay, in turn influenced by wage bargaining. However, there is disagreement among economists about less tenuous relationships.

Mr Tim Congdon, chief economist at Shearson Lehman Securities, believes the housing market has a profound influence on consumer behaviour. That in turn affects other variables in the economy, including wages and prices.

"Decisions about housing are absolutely basic to other spending. That is common sense," he said.

He argues that that may mean that house price rises lead to increases in inflation and wages —as well as the other way round. In other words, there is a full circle connecting increased house prices with rising retail prices and higher earnings.

Other economists give the housing market a less significant role in determining the rate of inflation.

"*It would come quite low on* my list of priorities," said Mr Bill Martin, *chief UK economist at stockbrokers Phillips & Drew.* "House prices are one of a number of factors but they are *not the most important.*"

It is an issue that is unlikely to be resolved. The difficulty is trying to identify the sequences of events connecting the various economic indicators when there are many components involved.

House prices rising faster than inflation, for instance, increases the theoretical wealth of individuals. Although it is difficult to realise that gain, it may increase home owners' ability to borrow for other *spending through extended* mortgages.

At the same time, there is some evidence that an increasingly large chunk of money released when owners move houses is being spent in shops, increasing demand and adding to inflationary pressures.

However, it is also possible that this "equity withdrawal" is used merely to change the composition of individuals' asset portfolios: the money realised is put into other investments such as shares or unit trusts rather than spent in the shops. The fact that the ratio of saving by consumers to income remains relatively constant supports that argument.

The buoyant housing market may be putting pressure on construction activities. The concern is that bottlenecks in the supply of labour and materials that result will also push up prices and suck in an excessive volume of imports.

Regional distortions in hous*ing costs make problems of* labour mobility more acute. Recent surveys by the Confederation of British Industry and the Institute of Directors provide evidence of skilled labour shortages.

Although those are currently thought to be relatively isolated and are affecting particular regions or industrial sectors more than others, any broadening of these shortages might lead to upward pressure on wages and act as a constraint on output growth.

Consumer protection 'loophole'

BY DAVID CHURCHILL

THE CONSUMERS' Association claimed yesterday that the Government had given UK manufacturers a loophole to escape regulations covering liability for defective products.

The association has written to Lord Cockfield, European Commission vice president, asking the commission to force the Government to close the loophole.

The regulations were laid down in a directive from the EC, adopted in July 1985, and introduced into the UK in the 1987 Consumer Protection Act.

The problem, the association says, lies in the "development risks defence," which enables companies to escape responsibility for defective products if they can prove that scientific knowledge at the time a product was developed meant the defect could not then have been discovered.

The association says the wording used by the UK legislation "confers on consumers a broader exemption from liability than is permitted under the terms of the directive."

Mr David Tench, the association's legal officer, said: "We protested about the wording when the legislation was going through Parliament earlier this year. Although it was changed in the House of Lords, the Government changed it back in the Commons."

Mr Tench said that if the Government failed to alter the wording, the association would press for the Government to be taken to the European Court of Justice.

Public share of companies still small

Financial Times Reporter

THE PRIVATISATION of state-owned companies may have increased the number of individual shareholders in Britain but has left only a small proportion of the companies' shares in individual investors' hands, according to Labour Research, the trade union-funded research organisation.

Labour Research says many small investors who have bought shares in privatised companies have since taken profits. The number of British Gas shareholders has fallen from 4.5m to 3.1m since the flotation last December and the British Airways register *is down from 1.2m to 420,000* since February.

Small investors now hold only 6 per cent of Enterprise Oil, 37 per cent of Britoil, 9 per cent of British Aerospace, 12 per cent of Cable and Wireless, 8 per cent of Jaguar and 8 per cent of Amersham International.

● TSB, the banking group floated on the stock market last September, is to use television advertising this week to remind shareholders that the second 50p instalment on their 100p shares has to be paid by September 8.

By the end of last week, only half the TSB's 2m shareholders had paid the second *instalment of the 100p.* Those who fail to meet the deadline will forfeit their holdings in the bank.

Draft plan soon for better survival prospects of ships

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE INTERNATIONAL Maritime Organisation is expected to produce a final draft of regulations designed to improve the survival prospects of ships damaged at sea.

The regulations will govern the design of future roll-on roll-off ships, such as the Herald of Free Enterprise, which capsized off Zeebrugge in March *with the loss of nearly 200 lives.*

The IMO's sub-committee on stability and load lines meets in London on Wednesday for a nine-day debate on technical evidence produced since draft regulations were published.

The committee will have before it the results of an inquiry into the effects of the proposed regulations, carried out under the auspices of the Transport Department and the General Council of British Shipping.

The inquiry centred on a computer simulation of the effects of various elements of the proposed regulations, including combinations of transverse and longitudinal bulkheads on the open car decks of ro-ro ships.

Mr Walter Welch, the GCBS director of marine services, said the report drew no conclusions other than that it would be possible to improve the survival capability of ships.

The GCBS has recommended that the Transport Department should sponsor further research, including model tests, that could validate the computer simulations in the report.

Welsh factory expansion

By Anthony Moreton

TFT ELECTRONICS, of Brecon, is to spend more than £500,000 on new plant and machinery over the next three years after its takeover in July by Central Circuits Holdings of Telford.

Mr Henrik Jepsen, Central *Circuit's managing director,* said the company would employ an additional 10 workers in the coming year, raising the number employed in the mid-Wales town to 26. He expected the number employed on the site to rise to 66 by 1990.

Most of the new jobs will *be for semi-skilled workers,* although some managerial vacancies will be created.

Both TFT and Central Circuits manufacture printed circuit boards for the electronics industry. Their products are used in several fields, from computers and measuring equipment to *power supply boards for* British Telecom.

Mr Jepsen said the range might be expanded in the future.

BCL to expand plants in Swindon and France

BY ANTHONY MORETON

BCL, the international packaging and printing arm of Courtaulds, is to expand its polypropylene production capacity at Swindon. Large investments are also planned for its Mantes plant outside Paris.

The company is to spend more than £20m *to keep its* position in the forefront of the packaging film market. It will put in another polypropylene production line costing about £17m at the Shorko plant outside Swindon and will spend £3m making what the company describes as "significant additions" at Mantes.

Mr Chris Matthews, managing director at Shorko, said: "The investment plan for Mantes, over a three-year period, is designed not only to expand our European business but also to make it more efficient and cost-effective.

"When our investments at the two manufacturing sites are complete, Shorko will have a capacity of 58,000 tonnes of packing film."

BCL has already spent about £30m at Shorko over the past four years and its line that came on stream last year boosted output by 28 per cent more than originally planned.

The new facility will come on stream in 1989 when BCL expects that its film capacity will exceed that of any other line in operation throughout the world.

At Mantes, the company *is to* buy more land and put in an energy-saving programme. It will install an automated slitter and a new process control system.

Funds for acid rain studies

BY OUR WELSH CORRESPONDENT

THE Department of the Environment, through the Welsh Office, is putting another £250,000 into Welsh Water research into the causes and effects of acid rain, which will fund studies for a further three years.

The water authority has already discovered that the presence of conifer plantations, of which there are many run by the Forestry Commission in Wales, leads to high acid levels. By contrast, native trees, such as the oak, are less acidifying.

Dr John Stoner, who has been *co-ordinating acid rain studies* for the past three years, said: "We have long suspected this to be the case. The data now at our disposal proves conclusively that mature confers with closed canopies contribute significantly to high acidity levels in the poor soil of vulnerable plants."

The research undertaken for Welsh Water has shown that some streams in the upper Tywi catchment area and several lakes in mid and North Wales could not sustain fish life. They also had depleted populations of aquatic plants and animals.

Attempts to restock the River Tywi above Llyn Brianne lake with trout and salmon proved unsuccessful and fish survival tests show that native brown trout cannot survive the combined effects of the acidity and higher aluminium concentrations found in water draining from conifer forests in the area.

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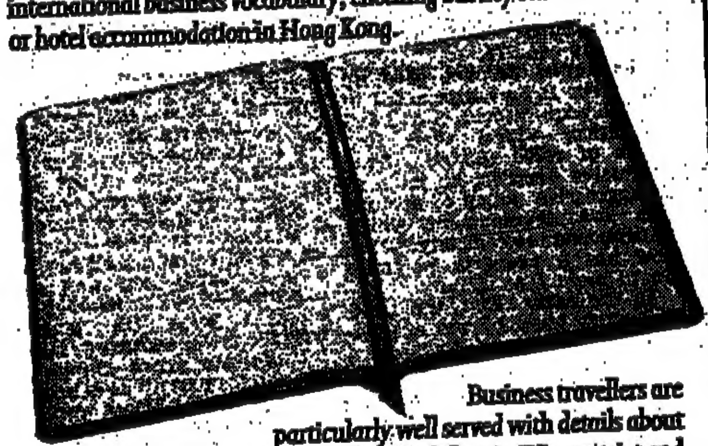

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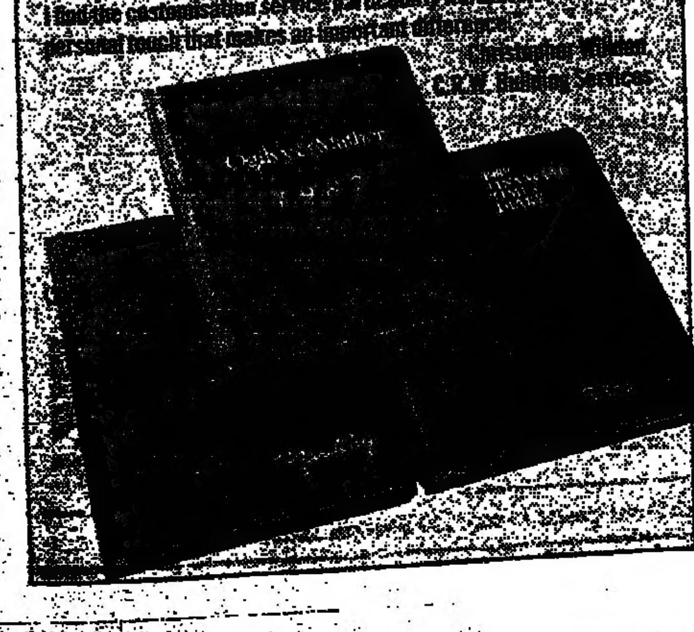

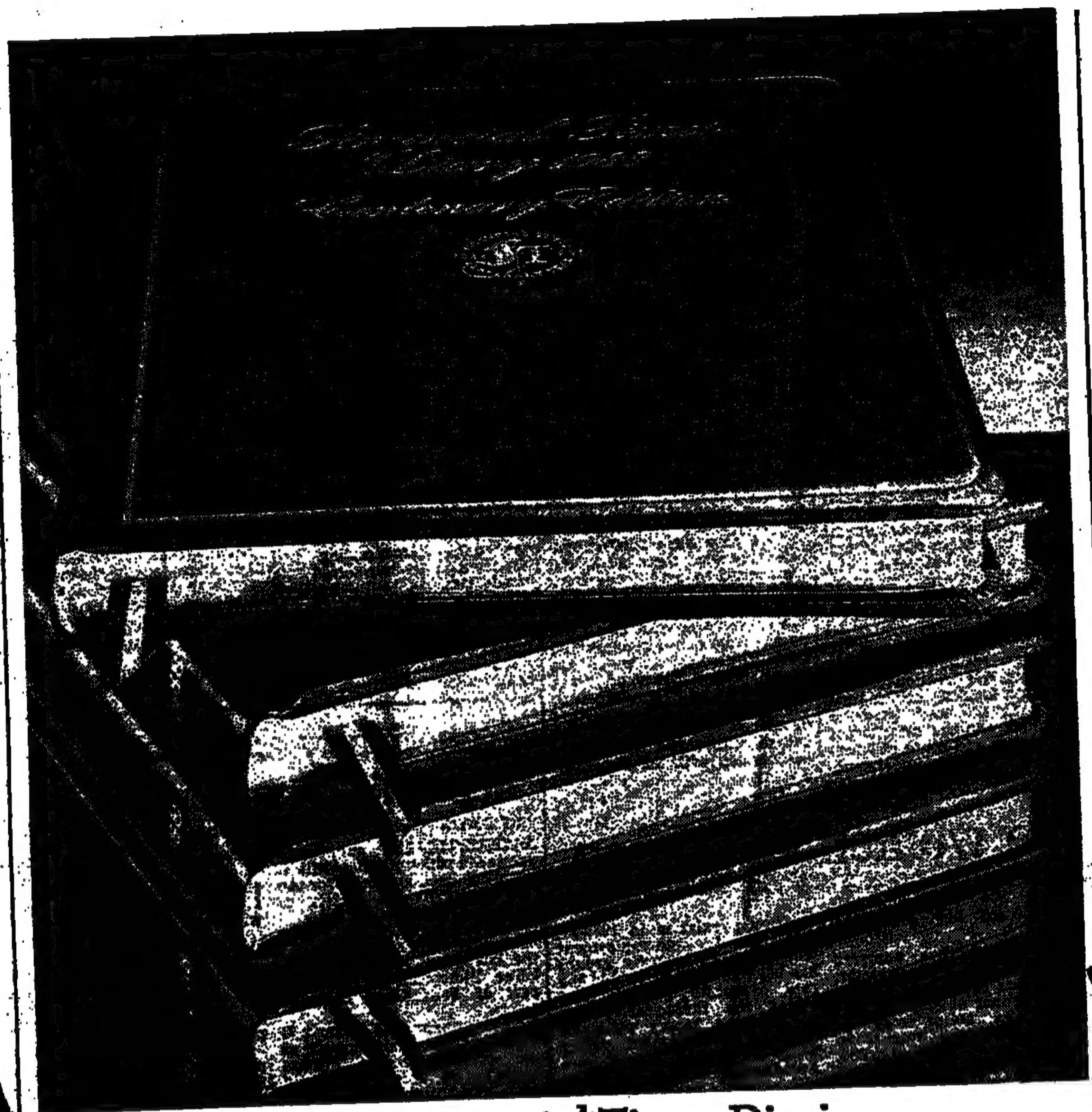

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W	DC	Desk Diary, black leathercloth		£19.99	£14.17	£13.86	£13.25	£12.79	£11.55
	PL	Pocket Diary, black leather		£10.98	£ 8.38	£ 8.19	£ 7.83	£ 7.56	£ 6.83
	PP	FT Pink Pocket Diary, black bonded leather, pink pages		£10.58	£ 8.05	£ 7.88	£ 7.53	£ 7.27	£ 6.57
	PB	Pocket Diary, burgundy bonded leather		£10.41	£ 7.92	£ 7.74	£ 7.40	£ 7.14	£ 6.45
	PC	Pocket Diary, black leathercloth		£ 9.71	£ 7.36	£ 7.20	£ 6.88	£ 6.64	£ 6.00
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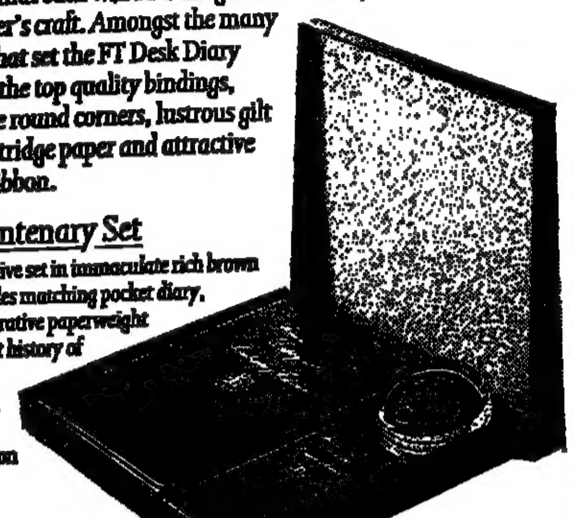

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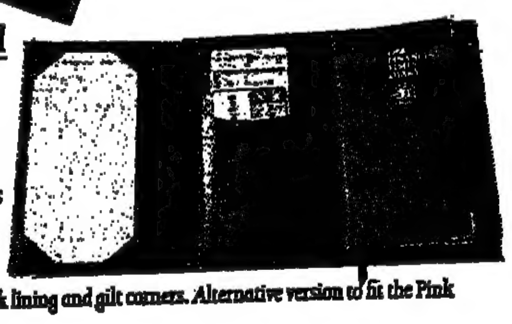

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UK NEWS

Warning by engineers on power industry break-up

BY MAX WILKINSON, RESOURCES EDITOR

POWER STATION engineers will warn the Government this week that any attempt to split the Central Electricity Generating Board into competing units might result in serious industrial trouble.

Although the unions oppose the Government's plans to sell the electricity industry into the privae sector, they would probably accept a plan that kept the CEGB's power-generating activities in one private company.

However, the Electrical Power Engineers' Association is expected to tell Mr Cecil Parkinson, the Energy Secretary, this week that it would strongly resist any plan to break up the generating side of the business.

The other unions with members in the power stations, notably the Transport and General Workers' Union and the General Municipal Workers Union, are expectd to take a similar line.

Although the power station unions have been generally quiescent in recent years, they command considerable industrial strength. In any battle that threatened industrial action they could easily cause widespread power cuts.

The engineers are particularly worried by the possibility that they might be required to give up their jobs and careers with the CEGB. If the power stations in their region were hived off, they would have little option but to join new private-sector power companies that lacked financial or operating track records or managements of known quality.

Even if transfers were said to be "voluntary," the engineers' association would probably refuse to accept the change.

The engineers will also make clear to the Government that they will not allow private-sector power stations to be operated with workforce numbers lower than those now establishedb y national agreements.

If they were able to carry that point, private-sector generating companies would find great difficulty in ralucing their employment costs below those of the CEGB.

Resistance to the idea that the national transmission grid should be split off from the CEGB's generating activities is not likely to be strong, however. The engineers' association is expected to advise Mr Parkinson to keep the grid and generation together.

It will tell him that any split between the two would make the system less flexible and more expensive to run.

The CEGB has also told the Government that it would be unwise to separate generation and transmission. It believes this would lead to higher costs and an increased risk of power cuts at peak times.

For all those reasons it now seems highly unlikely that Mr Parkinson will risk a radical shake-up of the industry before privatisation. However, final decisions on the future of the grid and on the 12 area boards will not be reached until later this autumn, probaly after the party conferences.

Campaign for work launched

BY CHARLES LEADBEATER, LABOUR STAFF

THE CAMPAIGN for Work, which aims to be a national focus for campaigns against unemployment, was launched at the weekend.

The body, in which unemployed people will play a vital role in formulating policy, has won the support of leading businessmen, trade unionists, church leaders, show-business personalities and economists. It will start with three permanent staff in London and one in Manchester, but has plans for regional offices in the north east and south Wales.

The campaign will be funded by grants from the Rowntree and Cadbury Trust charitable foundations, as well as donations from trade unions and business figures.

The organisation grew out of the Hands of Britain demonstration earlier this year, in which thousands of people, unsuccessfully, attempted to form a human chain between Liverpool and London.

Ms Molly Meacher, the organisation's director, said the initiative for a permanent campaigning body came from among the 100 local groups that had organised the Hands Across Britain demonstration.

She said one of the organisation's strengths would be the involvement of unemployed people in developing the campaign's policy and programme of action. That would give the unemployed a voice in public debates for the first time.

The campaign, which aims to encourage policy debate on a range of options based upon a general reflation of the economy, will be highly critical of government policy.

Miss Meacher attacked proposals to withdraw benefit from young people who refuse a place on the Youth Training Scheme, and the introduction of training allowances worth little more than benefit payments, for the controversial Job Training Scheme.

"These are an attempt to bludgeon unemployed people into dead-end work without the dignity of the standard rate of pay," said said. The Government should move rapidly to ensure there is an offer of a read job or training for all the long-term unemployed.

Professor Richard Layard, of the London School of Economics, a member of the organisation's executive, said that on present policies unemployment was set to remain close to 3m. Recent official estimates exaggerated the true fall in unemployment, he said.

The campaign plans include a series of local demonstrations on June 26 1988, to be called Unemployment Sunday; detailed studies on job creation possibilities, and training needs; fund raising in the week prior to Christmas, and the twinning of towns north and south of Birmingham to broaden understanding of regional unemployment

Dalgety to help train employees' children

By John Gapper

AN UNUSUAL company initiative, aimed at helping employees' children to find jobs by teaching them interview skills and sending them on "character-building" outward bound courses, is to be launched by Dalgety, the food and agriculture group.

The company, which employs 14,500 staff in the UK, many in unemployment black spots such as Glasgow and Liverpool, believes the three-part scheme will increase company loyalty among its staff by helping their children.

Dalgety has provided grants to teenagers entering higher education since 1978, but felt the scheme was too limited to apply to many families, and a broader approach was needed to benefit all employees.

The scheme will have an initial budget of £100,000 and include training courses in job seeking and interview techniques, for school leavers and young people on government employment schemes.

It will also include an outward bound scheme run by Bristol Outdoor Pursuits for those with "longer-term difficulties in finding or keeping regular employment," to provide "character - building experience."

The undergraduate assistance scheme, originally set up as a fringe benefit for staff to compensate for pay restrictions, is to continue and each child of a Dalgety employee going on to higher education is eligible, on a means-tested basis.

Mr Terry Pryce, Dalgety chief executive, said the company believed the scheme might be copied elsewhere and he thought it was "much more socially relevant" than in its previous form.

"We have run a further education scheme since 1978, but we wanted to extend the work we were doing to help children of other age groups and needs. We are very hopeful about the uptake from our employees," he said. The company, which has an established policy of giving some priority in recruitment to the children of employees, has developed the job-seeking course within the scheme, in conjunction with the Industrial Society.

Raymond Snoddy looks at the battle for the future of Channel 4

Why broadcasters are hitting back

THE BATTLE for the future of Channel 4 has begun in earnest. Whether Britain's fourth national television channel should join the list of Mrs Thatcher's privatisations, be liberated to sell its own advertising time, or remain a subsidiary of the Independent Broadcasting Authority became an important subplot of the Edinburgh Television Festival, which ended at the weekend.

The official theme was that broadcasting was "fighting back" against its tormentors—politicians, national newspaper editors and the new media entrepreneurs — even though there seemed precious little fight in the broadcasters when confronted with right-wing Conservative MPs such as Mr Gerald Howarth, or tabloid editors such as Mr David Montgomery of Today.

But the festival opened with an appeal by Mr Philip Whitehead, a television producer and former Labour MP, that if the Government took "the lamentable course" of casting Channel 4 adrift as a separate company, then it should become a non-profit-making trust.

It ended with a suggestion in a valedictory speech from Mr Jeremy Isaacs, the Channel 4 chief executive, that if the channel was separated from ITV it could fulfil its original remit to be innovative but it would be more difficult.

"What we shall need to give attention to, when this matter is resolved as it is not yet, are the safeguards that would be necessary to ensure that a wholly independent Channel 4 could continue to provide the sort of broadcasting service which parliament only six years ago charged it to deliver," said Mr Isaacs, who is to become administrator of the Royal Opera House.

Some form of separate existence for Channel 4 is likely to be included in the new comprehensive Broadcasting Bill expected to be introduced into parliament in autumn 1988, given the Prime Minister's dislike of the ITV companies' monopoly of television advertising in Britain.

No decision, however, has yet been taken and it is highly unlikely that Mr Douglas Hurd, the Home Secretary, will announce his plans for Channel 4 at the Cambridge Television Conference later this month as has been widely speculated.

Jeremy Isaacs (left) and Douglas Hurd: plans for Channel 4

Suggestions that there could or should be a fifth television channel in the UK are still at the stage of preliminary consideration and discussion.

At Edinburgh the advertising industry made its pitch for a privatised Channel 4 when Mr Brian Jacobs, media director of Leo Burnett Advertising, asked for both separation and a continuation of the existing programme remit.

"When Channel 4 is sold separately you will see how attractive small, closely targeted audiences with little wasteage, available nationally, are to many advertisers," Mr Jacobs said.

The supporters of separation, who included Mr Michael Grade, director of programmes at BBC Television — he apparently hopes growing competition in commercial television will help narrow the growing gap between BBC and ITV revenue — will not have it all their own way. In addition to the opposition of the ITV companies, there will be the activities of the Channel 4 Campaign Group, a pressure group launched at Edinburgh to campaign against privatisation.

As ITV began to contemplate the prospect of competition for advertising, the companies were also confronted with the urgent need to reform "the Spanish practices," of their industry. Mr Clive Jones, a senior executive at Television South, appealed for a joint management-trade union initiative to form a Television Defence Union to implement the radical internal reforms that were needed.

They included, Mr Jones argued, the replacement of the hourly rate system with salaries and profit-sharing schemes so that programmes could be made according to production needs rather than union agreement.

Independent television in Britain had been corrupted by weak management and unions more interested in "golden hours" payments than making programmes.

He spoke of an ITV company that had been forced to send a sound recordist to sit in a hotel in New York for two weeks because there was no room for him on a ship servicing a crew carrying out underwater filming in mid-Atlantic.

Another company had spent £12,050 covering a regional air show, £2,500 on the programme and £10,000 on meals, mileage and overnight allowances even though the outside broadcast was only 30 miles from the studio.

"The simple choice now is to save the commercial arm of a very good television service or to let the Murdochs and Maxwells of this world turn Central, Granada, Yorkshire, Thames and London Weekend Television into television versions of Wapping," Mr Jones said.

Both Mr Richard Dunn, managing director of Thames and Mr Roy Lockett, deputy general secretary of ACTT, the technicians' union, emphasised that the programme of reform had been under way for years and that reasonable deals were being negotiated.

But Mr Greg Dyke, chairman of the festival and director of programmes at LWT, issued a grim warning. It was imperative, he said, that the lunacies of the industry were sorted out during the next year, and that it was dragged into the technologies of the 1970s.

"We have not got the time. We have got to do it soon or we are all lost," Mr Dyke said.

THE BBC and Home Box Office, the biggest US pay cable television service, have announced a joint deal to provide development money for films for British and American television.

Half the money will be reserved to "seed" drama productions by independent production companies in the UK.

Mr Michael Grade, BBC Television's director of programmes, said the deal was a recognition that "British skills in making movies for television are unrivalled internationally in terms of quality."

The deal involves only a "six-figure sum" but is significant because development money for novel script ideas is often the hardest finance to obtain.

Jobs increase helps more women than men

BY DAVID BRINDLE, LABOUR CORRESPONDENT

LESS THAN 10 per cent of the increase in employment in the UK is attributable to net growth in job opportunities for men, according to government estimates.

Only 8.6 per cent of the estimated employment increase over the 12 months to March is thought to have benefited male employees, compared with just over 60 per cent for women employees and 31 per cent for the self-employed.

As much as 42.8 per cent of the estimated total employment growth of 257,000 is attributed to the rapid swelling of the ranks of part-time women workers.

The Employment Department Figures are contained in the annual report, published today, of the Manpower Services Commission. It says 22,000 of the estimated 257,000 extra workers were male employees, against 110,000 part-time female workers, 46,000 full-time female employees and 80,000 self-employed of both sexes.

Since March 1983, male employee numbers have fallen by 20,000 while the employed labour force has grown by 1.22m.

That growth has occurred mainly in the service sector. In the year to March, the estimated number of employees in the service sector rose by 341,000, while the number in manufacturing fell by 130,000. Manufacturing is said to account for just over one in five jobs, compared with just over one in three in 1966.

The report says the MSC found work or provided training for one in eight of the working population in 1986-87.

Registered unemployment among ethnic minority groups has been running at double the rate of white workers, and taking the three-year period 1984-86, the report estimates average unemployment among white workers at 10.4 per cent, Afro-Caribbeans at 21.8 per cent and among workers from the Indian sub-cvontinent at 20.5 per cent.

MSC Annual Report 1986-87; MSC PP2, Freepost, PO Box 616, Bradford BD9 4BR; £5.

Genetically engineered hepatitis drug approved

BY DAVID FISHLOCK, SCIENCE EDITOR

A GENETICALLY engineered vaccine against the hepatitis B virus has been approved for use in Britain by the Safety of Medicines Committee.

The vaccine, Engerix B, has been developed and tested over the last eight years by SmithKline Biologicals in Belgium, part of SmithKline Beckman group.

The company said Engerix B would cost only half as much as the present vaccine against hepatitis B, which is derived from blood plasma taken from chronic sufferers from the disease.

More significantly, however, it believes the new vaccine will be more acceptable to people exposed to the disease professionally—medical and social workers and police—who have been reluctant to use the plasma-derived vaccine in case of infection. The genetically engineered version is made by biotechnology processes starting with yeast.

The company says its process will ensure that unlimited amounts of vaccine are available. Previously the drug industry depended on obtaining sufficient sources of infected plasma.

Professor J. E. Banatvala, professor of clinical virology at St Thomas's Hospital, London, said hepatitis B was a particular problem in Britain among drug abusers and the medical staff who treated them.

Dr Francis Andre, responsible for clinical studies on the new vaccine with SmithKline Biologicals, said it was the first genetically engineered vaccine approved for human use.

OBITUARY

Lord Samuel: developer

LORD SAMUEL of Wych Cross, the chairman and founder of Land Securities, the UK's largest property company, died on Friday aged 75.

Mr Harold Samuel gave up his career as an estate agent in 1946 to acquire control of Land Securities, which then had assets of some £50,000. Over successive decades, he pursued an aggressive policy of acquisition and development which transformed the company, which now has a property portfolio worth more than £3bn.

In the early 1950s, the Land Securities grew by the acquisition of Ravenseft Properties, one of the main shopping centre developers. Further growth came in the late 1960s and early 1970s, when Mr Samuel bought City Centre Group, the City of London Real Property Company and Westminster Trust.

Early developments included Bowater House, Knightsbridge, and the BHS site on Oxford Street. Later, the company erected three buildings on Queen Victoria Street, London SW1 and numerous other properties elsewhere in the West End and the City of London.

Knighted in 1963 and created a life peer in 1972—six years before he relinquished his position as Land Securities' chief executive—Lord Samuel is credited with the property world's most enduring maxim. "There are three things you need in property," he is believed to have said. "These are: location, location and location."

Lord Samuel leaves a wife and two daughters.

Totals for unemployed 'distorted'

By Michael Prowse

OFFICIAL UNEMPLOYMENT figures are seriously distorted and fail to give an accurate measure of the numbers out of work and wanting a job, says a study by Lloyds Bank, published today.

Mr Christopher Johnson, the bank's chief economic adviser, says the unemployment total is about 3.9m, or more than 14 per cent of the working population. Yet the official jobless count is about 800,000 lower because of statistical redefinitions and special government programmes.

Mr Johnson says two thirds of the registered 335,000 drop in unemployment in the past year reflects official efforts to discourage the jobless from claiming benefit.

The Government counts as unemployed only people who claim and receive benefit. Mr Johnson says that measure is unsatisfactory because it means that anyone out of work and wanting a job who does not receive benefit is redefined as "economically inactive."

Officials figures exclude both those who want jobs but are not entitled to claim (married women, for example), and those who choose not to claim benefit, perhaps because of other sources of income. Official figures even exclude some people defined as unemployed in the Government's own Labour Force Survey.

Mr Johnson says the statistical changes introduced in recent years have reduced the apparent scale of unemployment by about a fifth. But for those changes and special programmes, unemployment would have reached over 4m in 1986.

The report points to flaws in the UK's recent employment record. The number of employees has fallen by a net 1.3m since the Conservatives took office in 1979. Of the 728,000 jobs created since 1983, 545,000 were for part-timers.

Lloyds Bank Economic Bulletin, 71, Lombard Street, London EC3P 3BS.

Britoil swaps N Sea stakes

BRITOIL, the largest independent UK oil company, has swapped some of its North Sea assets to consolidate holdings in different fields. It has raised its stake in Conoco's Southern Basin block 47/13A, containing the Amethyst field, from 25 per cent to 50 per cent, and increased from 33 per cent to 40 per cent its interest in Enterprise Oil's block 48/11B. In exchange, Britoil has given part of its interest in block 44/22 to Conoco and Enterprise.

Scottish bank profits up

ADAM GROUP, the unquoted Scottish private bank set up four years ago, earned pre-tax profits of £438,000 in the year to June 30.

Profits were four times as large as the previous year's, largely as a result of last September's acquisition of Continental Trust, the London-based private bank, which has now become Adam's London branch.

The group has assets of £53.2m (£22.7m), shareholders funds of £10.1m (£5.4m) and has made loans of £15.7m (£7.3m). It has just opened a branch in Glasgow, to add to those in Edinburgh and London.

Post-tax profits were £193,000 (£60,000). No dividend is being paid, as the group is still building up its reserves after high start-up costs.

White goods buy-out

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

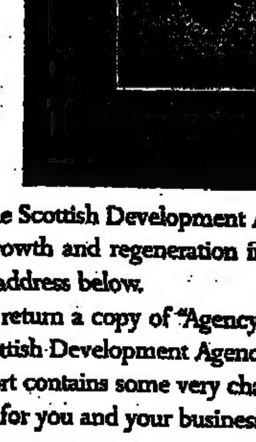
NEWMAN TONKS has sold the UK distributor of White-Westinghouse domestic appliances to its management in a £400,000 package.

Wilkins Appliance Marketing, which imports and markets white goods under the US brand, was formerly controlled by Peerless, which was taken over by Newman Tonks last March.

The buy-out team, which includes the company's founder, Mr Charles Wilkins, was supported by 3i, which has taken a 33 per cent stake.

Wilkins trades mainly as a supplier of built-in appliances to house builders and kitchen specialists. Its products are mostly European-made and labelled with the US brand.

White-Westinghouse is part of White Consolidated, the US company recently taken over by Electrolux of Sweden.



Hazel Duffy and **James Buxton** examine the work and future of a development agency

Scotland's acceptable face of intervention

THE Scottish Development Agency should still be in existence in the year 2000. That is the confident prediction of Mr Iain Robertson, who takes over today as the agency's chief executive.

Some question the continuing need for the SDA, when various indicators point to growing prosperity in Scotland relative to some English regions. Mr Robertson replies: "The problems in Scotland, particularly in the west central belt, are huge. With 25 per cent unemployment in Glasgow and as high as 40 per cent elsewhere, something will be needed."

The SDA's survival under Mrs Thatcher has been one of the more curious contradictions of her economic policy. Set up by the last Labour government, it is an unashamed quango with considerable powers to intervene in the economy and impose on the environment.

Its strength is that it combines in one body all those activities which, in the English regions (to a lesser extent in Wales which has its own, slightly less powerful development agency), are carried out by several government departments, other agencies and the private sector. In industry, for instance, it can provide equity finance, loans, advice and factory accommodation.

In the environment, it has tended to work with the local authorities in renewing the areas of industrial blight. But, like the urban development corporations south of the border, it has compulsory purchase powers — used for the first time to secure the site on the south bank of the Clyde which will be used for the £35m Glasgow festival next year.

The drawback, as seen by the present Government, is that it might be doing things with public money that the private sector could do. Its very existence, it could be argued, allows the private sector to become flabby.

It was the success of Mr George Matthewson, who departs as chief executive on Friday to go to the Royal Bank of Scotland, that he shaped the agency into a body on which that tag could not be pinned.

The agency has veered from costly intervention to a subtle approach of not competing

Under him, it became "the acceptable face of intervention," so ensuring its survival under the Conservative Government. He also ensured that, most of the time, it is held in fairly high regard by the Scottish public and that it is innovative enough to attract and keep good managers.

During his six years at the top, the agency has veered away from bold, and sometimes costly, intervention in industrial companies, towards a more subtle approach. The emphasis is on plugging the gaps left by the private sector — sometimes literally in the renewal of land left derelict by industry — but not competing with it.

Mr Robertson has a tough act to follow. Unlike Mr Matheson, who came from the financial sector, he is a former civil servant at the Scottish Office, who was managing Locate In Scotland, the joint SDA/Scottish Office bureau, when the call came to head the SDA.

His management team will be watching to see whether he continues along the broad lines laid down by his predecessor and for any signs that his sympathies might be leaning more towards his former home, the Scottish Office.

The SDA's relations with politicians are good, and have ensured its survival. But civil servants sometimes see it as a threat and accuse it of acting first and informing them afterwards.

At the moment Mr Robertson's sights are directed more towards increasing the internal resources of the agency so as to expand its activities. "We should not always look at ourselves as a drain. With my financial training, I see an agency with close to £200m of assets as one where all sorts of ways of raising finance should be possible."

He wants to use the agency to speed up the modernisation of Scotland's public housing, particularly the huge estates on the Glasgow periphery. Justifying the agency's involvement in housing, Mr Robertson emphasises the contribution that a body can make "which has learned so much about the combination of powers."

He is concerned that achievements in the science and technology departments of Scotland's academic institutions are not being exploited by industry in Scotland—a follow-up to the agency's own survey confirming the poor showing of the country's home-grown electronics industry, in spite of its success in attracting electronics multinationals. To date, biotechnology — selected by the agency as a sector to be fostered — has been slow to show results.

Lessons have been learnt that should be heeded by new urban developments

The agency budget this financial year is about £130m—£90m from the Government, the rest generated internally. The grant element is expected to keep pace with inflation at least for the next couple of years.

Two-thirds of the budget is spent on provision of land and buildings, and land renewal and environmental schemes. The agency is the biggest industrial property owner in Scotland. But that is an activity where the emphasis is changing. As the agency for the whole of Scotland, advance factories were put up all over the country in the early days. In the popular areas, they were snapped up by industry. Elsewhere, some are still vacant.

Agency executives believe it has now made the breakthrough in bringing the private sector into partnership with public bodies in property and environmental development. In that respect, it is the closest model for the managers of the new urban development corporations set up in England this year.

Lessons have been learned that should be heeded by the new corporations. For 10 years, the agency managed the huge programme of renewal of the east end of Glasgow. Around £320m has been invested by the public sector, £190m from the private. In appearance, the the area has been transformed, and the population is stable after years of decline. But not enough attention was paid to job creation, particularly jobs for those who lived there.

The agency has tackled other areas, where job creation was vital, like Clydebank, and now Inverclyde, each with their own particular approach. The economy of Scotland is picking up, unemployment is coming down. But the task of regenerating the areas of deprivation—social and economic—which have been left over from the past is still huge. Few in Scotland would disagree that the Agency's experience best qualifies it to carry on with the job.

Scots business urged to profit by south's 'overheating'

SCOTLAND SHOULD seize the opportunity to capitalise on the overheating of the economy in the south-east of England by attracting companies to move north of the border, Sir Robin Duthie, Scottish Development Agency chairman, said yesterday.

The SDA, he said, was talking to companies, especially in the financial services sector, writes James Buxton, Scottish correspondent. It was trying to persuade them to move part of their operations to Scotland, particularly to Glasgow, where high-quality office space was being built.

Sir Robin said companies in the south of England were and excessive staffing costs facing up to high office rents caused by the house price boom. "We must make sure that Scotland is the place they want to come to," he said.

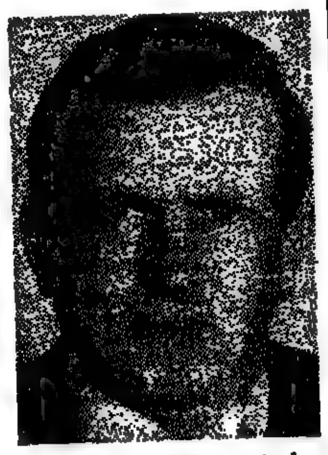
Presenting the 1987 annual report of the Glasgow-based agency, which works for the regeneration of the Scottish economy, Sir Robin said it had to persuade the Scots to accept that future employment growth would come in the service sector of the economy. Scots have to stop thinking that "a job is only a job if it is in manufacturing," he said.

The annual report shows that Locate in Scotland, the joint venture between the SDA and the Scottish Office to bring inward investment to Scotland, had attracted £2bn-worth of investment by overseas companies to Scotland since 1981. That had created or saved nearly 40,000 jobs.

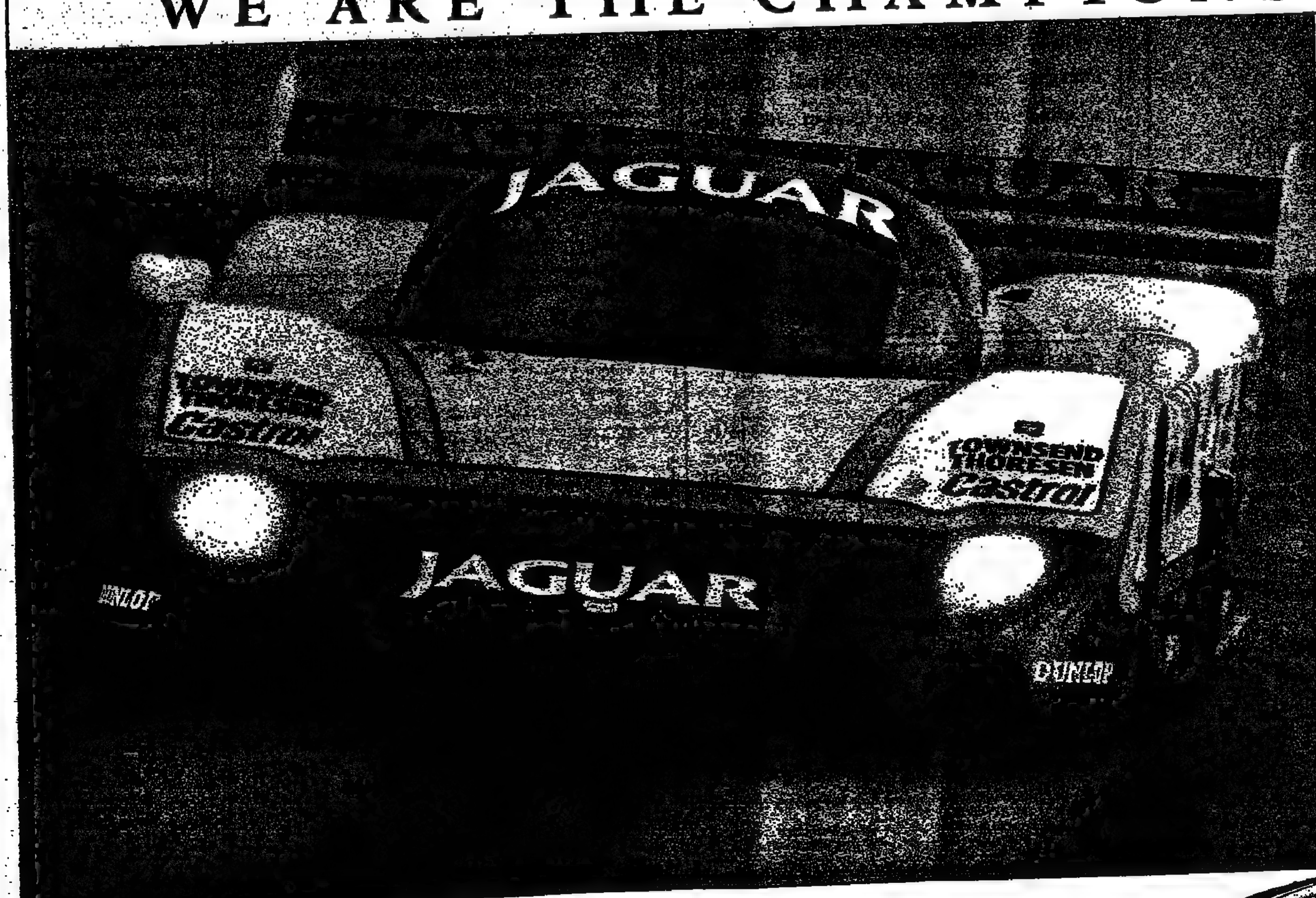
In its industrial investments, the agency has achieved increasing success as a catalyst encouraging the private sector to invest. The £7.96m that the SDA invested in industry during the year was matched 18.4 times by private-sector contributions, compared with 4.9 times in 1984-85.

Yesterday was the last day as chief executive for Mr George Mathewson, who has run the SDA since 1981. His successor is Mr Iain Robertson, who was for three years director of Locate in Scotland. Mr Mathewson, whose departure was announced last March, is from today director of strategic planning and development at the Royal Bank of Scotland Group, on whose board he will sit.

● Mr Roy McIver, secretary general of the Convention of Scottish Local Authorities, said last week that the group was not approaching its resumed talks with the Government over the community charge in a spirit of willingness. The word "not" was omitted from the Financial Times report on Saturday.



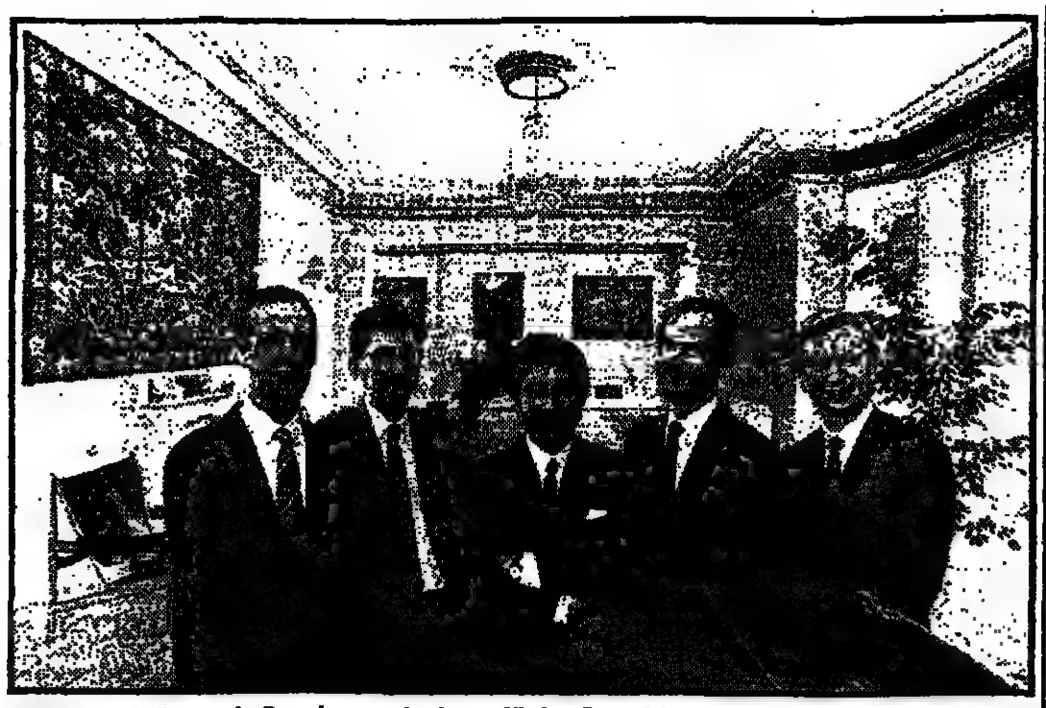
George Mathewson: outgoing SDA chief



MANAGEMENT: Small Business

The quality of their music is not strained

The search for growth preoccupies most small businesses, but when it comes quickly medium-sized status frequently brings with it totally new pressures; the business is confronted with competitors it has previously managed to side-step and it has to consider a totally different scale of investment. Such a situation is facing *Nimbus Records, a small specialist concern based in Wales which has a history of taking bold decisions.* **David Thomas** recounts its experiences and some of the answers it has come up with.



The former ballroom of a Georgian mansion is now Nimbus Records' recording studio. The core directors, from left to right, are: Michael Reynolds (managing), Jonathan Halliday (research), Count Alexander Labinsky (chairman), Gerald Reynolds (technical) and Adrian Farmer (music)

IMAGINE A company which has the promotion of the arts as its central aim, yet which three years ago took on the world's consumer electonics giants at their own game. The company was started by a professional singer who also happens to be a Franco-Russian count and who *first saw the site of the company's latest plant in a vision.*

This is not, on the face of it, a profile which immediately encourages confidence. Yet it is an accurate description of Nimbus Records, a music company and compact disc presser, based near Monmouth, Gwent, which so far has gone from strength to strength.

Its bold - and often idiosyncratic - decisions have helped propel it from a company with a turnover of just £600,000 employing 27 people four years ago *to one with a workforce of 500* expecting to make £2.7m pre-tax profits on turnover of £20m this year.

Yet it took Nimbus almost 30 years to move out of the small league. Its roots go back to the 1950s when Count Numa Labinsky, a professional singer since he was a teenager, got together with brothers Michael and Gerald Reynolds to try to improve recording quality, which they thought was abysmal.

Knowing their work would demand cash, they started a property company in Birmingham, then their base, beginning what Gerald Reynolds, Nimbus' technical director, wryly calls "an 18-year detour."

The property company flourished sufficiently for them to build a studio in 1969 with the express purpose of producing classical music masters of a better quality than anything then around. But they remained dissatisfied with the finished product from the LP pressing companies.

So they made the decision, extraordinary for people without relevant experience, to move into manufacturing. "We couldn't get the quality of LPs we needed from outside sources, so we decided the only *thing to do was to make them ourselves,"* Gerald Reynolds remembers nonchalantly enough now.

First, however, they needed a site, a requirement more complex than for most companies. They wanted to combine a place sufficiently elegant for a top flight studio, where classical musicians could stay for a couple of days while recording, with a site able to sustain manufacturing.

Moreover, it had to act as their home. As Gerald Reynolds *explains: "Because our work* forms a bigger part of our life than for most people, we believed we could get more done by living over the shop."

The three-year search for a base ended in 1975 when Nimbus bought a Georgian mansion set in 48 acres near the top of the Wye valley not far from Monmouth. The old ballroom now acts as one of the most elegant recording studios in the industry.

Today five of the seven directors still live in the company's *exquisitely furnished* headquarters, eating all their meals together. Decisions tend to be taken informally at lunch or over dinner, according to Adrian Farmer, the music director who joined Nimbus in 1977.

The Birmingham property business financed this purchase, plus the move into LP pressing in 1976, when the workforce consisted of the three founders plus an electrician, often working late into the night. Yet within three years LP pressing, not just of Nimbus' own recordings but also of audiophile editions for major record companies, was providing the bulk *of the income and Nimbus was able to sell* itsproperty interests.

Nimbus might have continued in this comfortable, but low key groove were it not for the invention of the compact disc by two of the giants of the music business: Philips of the Netherlands and Sony of Japan. Nimbus was quick to recognise the potential of the new medium.

Characteristically, instead of just hiring the technology from Philips or Sony, Gerald Reynolds and Dr Jonathan Halliday, the company's head of research, set about inventing their own compact disc mastering system. They managed this in eight months, a development which the company says saved them millions of pounds and which won them a Queen's Award for Technological Achievement this year.

Nimbus began pressing compact discs in Monmouth in 1984, with the help of a small Government grant and a capital injection from Midland Bank Equity Finance, which took 27.5 per cent of the equity, an arrangement now being renegotiated.

It was the first company to press compact discs in the UK by almost two years. Gerald Reynolds remembers the company getting in touch with its customers and asking whether they would want the discs. They told Nimbus they did not think demand would take off.

"In the event, they were profoundly grateful to us for having made that capacity available," Reynolds says.

Nimbus was struggling to keep up *with demand for compact discs right through to last* Christmas. It has grown on the back of the booming market, opening a second factory in nearby Cwmbran last year, and is still the largest compact disc maker in the UK with output of about 20m discs a year.

Yet the pressures are now beginning to build up. A large number of new compact disc plants is coming on stream around the world, leading to a cut in pressing prices and delivery times. Nimbus was forced to lay off 100 of its workers earlier this year in order to keep itself competitive by increasing automation.

Some smaller companies like Nimbus will struggle to survive in the next few years as the giants like Sony increase their capacity around the world, according to one music industry analyst. Nimbus is vulnerable to a switch of loyalties because only about 10 per cent of its pressing demand is generated by its own classical label, a figure it wants to increase.

But Nimbus believes its operational flexibility and speed of turnround will continue to generate orders from other music companies. It is also pursuing a two-pronged strategy designed to keep it ahead of the competition:

● Nimbus is due to open a US plant in Virginia next month, in which it is investing $14m including the purchase of the 265 acre site.

Count Labinsky pictured the backdrop to the site - *mountains, a couple of streams and* long grass - *in a vision,* although Nimbus is making the investment in the hard-headed desire to move production closer to a key market as compact disc factories spread across the globe.

● The company is also planning to diversify into new products based on its existing expertise.

Nimbus is intending to move into CD-video (discs combining video sequences with compact disc quality sound), CD-rom (the use of compact discs for computer storage) and digital audio tape (the recordable version of digital sound developed in Japan). It will again be one of the first UK companies into all these markets.

Yet, remarkably, the Nimbus directors have retained their original vision that their main purpose is not commercial, but about the propagation of the best in music. "If society continues to ignore the high arts, then society will be led into a barbarian condition," as Adrian Farmer puts it.

Some cynical visitors to the headquarters have described the extraordinary bonds linking the core directors as quasi-religious. Perhaps the greatest challenge facing them will be to retain that and their vision while the company diversifies - especially into non-musical areas.

Community policy

More help for big players

William Dawkins on a report calling for a change of direction

SOME disquieting questions are being raised in the European Commission about whether EC Governments have got the right end of the stick when it comes to promoting small businesses.

The doubts are contained in the most comprehensive study to date into how and whether small businesses create jobs in the Community. Put together from nationally collected statistics by David Storey and Steven Johnson at the University of Newcastle upon Tyne, the report concludes that public small business policy in most EC countries needs to take "a major new direction."

Policymakers should concentrate more on helping the very few - perhaps 4 per cent of the total - entrepreneurs who become big successes, suggests the report. They should waste less of their taxpayers' money on the other 96 per cent - that is, trying to get more people to go into business or providing more or less indiscriminate help for all small ventures.

The study holds up as an example of the right approach the Irish Government's recently introduced subsidies for small businesses likely to be active in export markets, international expansion being one rule of thumb for success. Backing exporters is also a way of avoiding the widespread problem of supporting small businesses that have no net effect on employment because they merely displace domestic competitors. Fast growing exporters are less likely to steal new jobs from restricted home markets, the argument goes.

The authors admit that their message is uncomfortably discriminatory and that history has shown that civil servants are not very good at picking business winners. But despite the drawbacks, they present compelling evidence that this kind of approach could pay off handsomely if only somebody could find a way to make it work.

The nub of the argument is that, on average, less than half of EC start-ups will still be in business after 10 years. More than 50 per cent of the jobs they create will come from the 4 per cent that turn into winners. By definition, many of the successes will not need public help, since they will be profitable enough to attract all the cash they need privately.

PERCENTAGE SHARE OF JOBS IN *SMALL BUSINESSES*
(Latest available dates)

Country	Date	% of staff (*under 20 and**20-99)
France	1986	29.7* 25.4**
Netherlands	1980	26.6* 30.9**
Belgium	1983	25* 20.9**
Spain	1986	24.3* 34.3**
Greece	1978	51.7* 17**

Source: European Commission

Yet, argues the study, "the firms growing fast in these terms are not necessarily the same as those growing fast in terms of employment - which is presumably the focus of interest of the public sector."

But when it comes to trying to define how to pick out the small business world's most prolific job creators - let alone how best to help them - the authors do not get much further. They are sure of one thing, however: most of the extraordinary burst in small business activity across Europe over the past 10 years has taken place independent of government intervention.

The main factors have instead included the disproportionate benefit to small businesses of the growth of new technologies and the increasing power of the service sector. There has also been the pressure exerted by increased competition from the Third World on larger companies to make greater use of subcontracting. One classic example is Fiat's response in the early 1970s to the double threat of union militancy and foreign competition by farming out many of the activities formerly undertaken at its Turin plant.

Not least has been the impact of rising unemployment. Here the growth of small businesses is merely a consequence of the jobless seeking to create their own work, but should not be mistaken for a cure for the wider *causes of unemployment,* argues the study. While small businesses have on average increased their share of EC employment, they have not necessarily created new jobs overall, it points out.

The study goes on to question whether small businesses really deserve government support if they really do multiply just as a consequence of all these external forces. While "it is unclear whether it is possible to introduce public policies to promote the small business sector, there appears to be *increasing* pressure for such initiatives," it says.

But where to turn? Beyond embarking on the hazardous affair of trying to identify winners, it suggests that the most welcome tack for small company managers themselves would be the reduction of government interference, as espoused by the UK. This has already opened the British Department of Trade and Industry to criticism from the political Left that it is pinning its hopes on deregulation and small business support in the absence of any more positive industrial policy. While these criticisms are not surprising, they all go to show that the touchstone of job creation is as elusive as ever.

Job Creation in Small and Medium Sized Enterprises, 3 volumes, Ecu 46.30 (£32.40), from Office for Official Publications of the European Communities, L - 2985 Luxembourg.

Conference in Italy

BUSINESS services for small growing firms is the title of the 17th European Small Business Seminar to be held in Genoa, Italy, from September 30 - October 3. To be discussed are training, technology, information and marketing, export, consulting, economic co-operation and financial management. The seminar will examine the problems of organising such services in terms of supply and demand from both the entrepeneurs' and experts' points of view.

There are to be two co-ordinated events. As well as the seminar, there will be for the first time an Exhibition of Small Business Services (Exibusiness). The number of participants is to be limited to 200 in order to maintain the workshop format for the event.

Details from CCIAA sezione industria, Via Garibaldi, 4 - 16124 Genova, Italy.

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Advertisement Copy date Oct 1, 1987
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Architecture/Colin Amery

The little palaces in Metroland

"A House, a Home, a Little Palace, in a convenient and healthy district, purchasable by anyone with a small capital and a regular income . . ." With these words the builders John Laing advertised their new houses at Colindale in the 1930s.

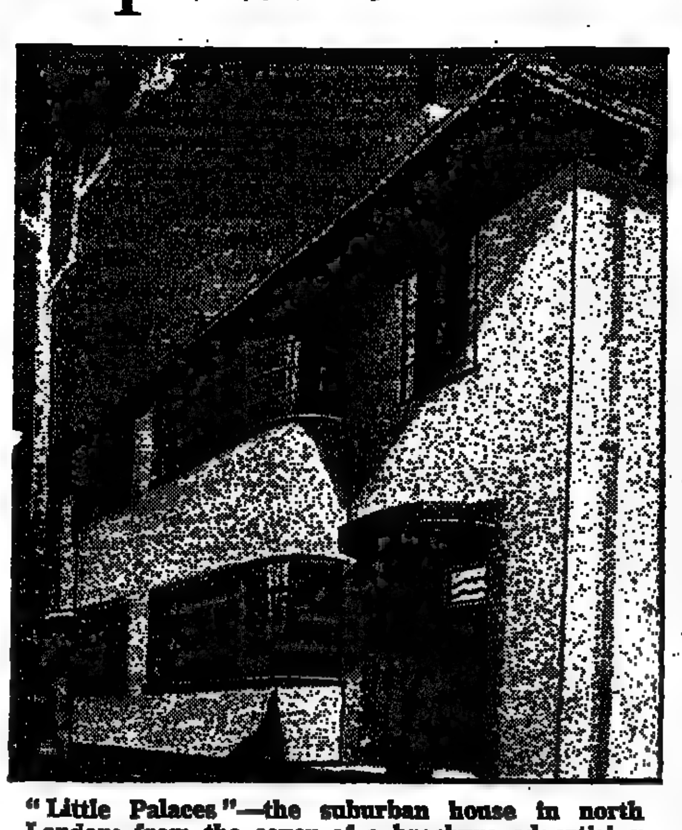
Their slogan got to the heart of the matter. They were selling a clean and comfortable private world at reasonable prices, and the illusion of life in a safe place. It was not the country, it was not the city, but it had a hint of both and more than a suggestion of well-organised arcadia.

The disappearance of the countryside north of London—almost the entire county of Middlesex was consumed between 1919 and 1939—created a suburban society without parallel in the world. It was a speculative, unplanned and never fashionable development. But it was successful because it filled the bill so precisely for a private and personal world that had its feet on the ground and had an electrified link to the centre of the metropolis.

John Betjeman understood it completely when he christened it "Metroland" and I am not sure that he would have approved of the suburbs falling into the hands of the Herr-Professor-Doktors and now the polytechnic lecturers who have mounted the exhibition to be seen now in Hendon.

The exhibition, whether by accident or design, is brilliantly located. Hendon's Church Farm House Museum is a superb Carolean brick farmhouse set in agreeable orchards. Next door to the museum is a pleasant pub and the ancient church. From the museum's upper windows you see miles of motorway and acre after acre of suburban houses. The remnant of the village is a poignant reminder of the world before the invention of the suburb. Today the war memorial is isolated on a traffic island, the horse trough is full of alyssum and lobelia, and the double-glazing salesmen have scattered a trail of unsuitable aluminium windows among the half-timbered villas.

Like or loath them, the suburbs exist. This small exhibition and its good catalogue is the first to look at the architectural and town planning phenomenon of the kind of environment where almost half the population of these islands chooses to live.



"Little Palaces"—the suburban house in north London: from the cover of a brochure advertising the Oak Lodge Estate, Southgate, 1930

The organisers are right to argue that the impulse to buy houses that are "Tudor" or "Jacobethan" is prompted more by fantasy—"the Englishman's home is his castle"—than by any serious consideration of architecture. Naturally enough, the mere existence of the suburban house was a red rag to the pioneers of modernism and the excuse for much of the abuse propaganda of the "By-pass Variegated" or "Stockbrokers' Tudor" variety.

But the damaging influence of the excellent cosiness of the suburb goes much further. As the ill-designed heirs of the theory of the Picturesque, the suburbs represent the tail end of Victorian ruralist romanticism. The suburban explosion was the end of urbanism and classical order; the suburbs represent the last flowering of post-Renaissance romanticism. Whatever virtues they have as refuges for gardeners and DIY enthusiasts, the visual qualities and the strongly anti-urban flavour of the suburbs make them havens for the average, a hinterland somewhere between cosiness and philistinism.

In the exhibition there is a complete reconstruction of a 1930s dining room. It is like a visit to the chamber of horrors. There is nothing of any quality in the room. The Petragloss paint, the green, beige and brown linoleum and carpet, simply add up to a collision of cubism and chintz.

In the light of the veined alabaster bowl one is forced to consider the effect of all this secure domesticity on the tastes of the nation. Is the suburb responsible for the giant villas that masquerade as supermarkets, town halls and shopping malls all over the kingdom? Is the suburban life responsible in its way for the decline of urban values in the inner city?

There are, of course, intense pleasures to be enjoyed from domesticity. The suburbs, too, have been cradles of creation for many writers. The science fiction of J. G. Ballard and the strange musings of Stevie Smith came from the silence of the suburb. Our great gardening mania and a love of carefully controlled nature flourish safely in the suburbs as nowhere else. Architecture is not the suburb's strong point—although I can see some of the more extreme "moderne" and "neo-Tudor" houses being listed soon. The great virtue is the amazingly generous gardens which will always count strongly in the suburbs' favour.

I think it a shame this exhibition does not look at some of the support services for the little palaces—the shops, schools and railway stations. In Middlesex, for example, the schools were of a standard in the 1930s that matched the work of the earlier Amsterdam school. An opportunity has been missed, too, to illustrate the vandalism of London Transport in their "modernisation" of some of the finest architecture of the 1930s. Like many owners of 1930's villas, London Transport has been over-generous with the Formica and hardboard when it was not necessary.

It was an original idea to look hard at the suburb. I wish it had been a more critical and analytical look.

Little Palaces, The suburban house in North London 1919-39, is at Church Farm Museum, Greyhound Hill, Hendon, London, NW4. Weekdays 10 am-1 pm, 2 pm-5.30 pm, Tuesdays 10 am-1 pm and Sundays 2 pm-5.30 pm. Telephone: 01-203 0130.

The exhibition is mounted by Middlesex Polytechnic and sponsored by the Manpower Services Commission and the John Lewis Partnership.

Juha/Edinburgh Festival

Max Loppert

As a display-case for opera the 1987 Edinburgh Festival made, by and large, a sad showing (and on the concert scene things were hardly more cheering). But by one shining event—the first British performances of Aarre Merikanto's *Juha* at the King's Theatre this weekend—the reputation of the festival was very nearly redeemed.

The history of this wonderful work, short, intense, concentrated, and extraordinarily powerful as music-drama, is one of the stranger—and sadder—tales of 20th century opera; but after Friday's performance by the Finnish National Opera, that history is surely on the point of achieving a happy ending. The neglect of *Juha*, first in its native land, then internationally, has lasted absurdly long; Friday's perforance will have marked the date, I have no doubt, when it finally began to draw to a close.

The libretto was drawn by the soprano Aino Ackté, first Finnish singer to win international eminence this century, from the novel of the same name by Juhani Aho. Ackté offered it first to Sibelius, who contemplated it at length before finally refusing it. Eventually it was taken up by young Merikanto, son of a well-known composer of light music. In 1922, when Merikanto was 29, it was completed; presented to the Helsinki opera company—and decsivily rejected (by Ackté herself, among other members of the board).

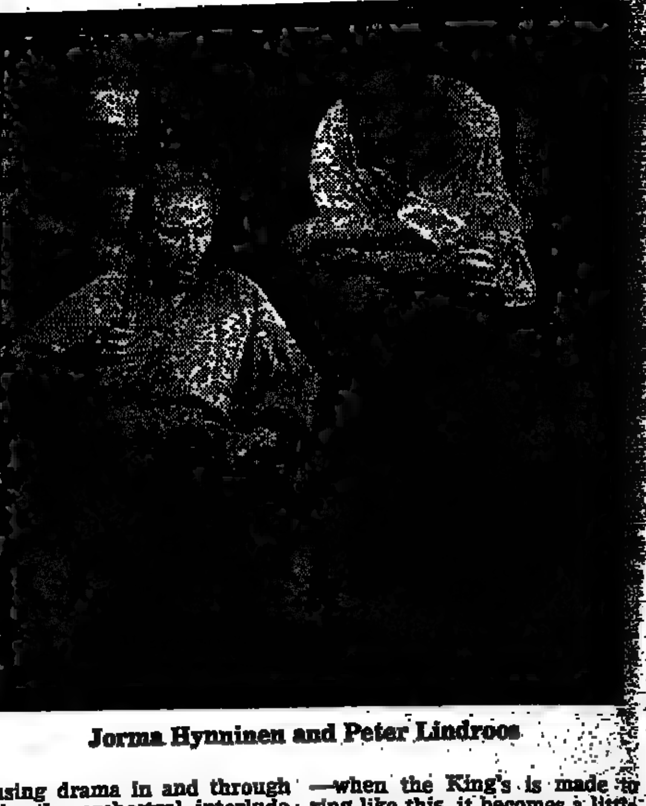
Later, the libretto passed to Leevi Madetoja, whose *Juha* (1934) had a brief success. The embittered Merikanto never wrote another opera; a few months before his death, in 1958, he heard a broadcast of Act 3, but for him the main re-discovery of his work, and massive general recantation (popular and critical) that followed hard thereupon, came too late. The painful parallel with Berlioz and *Les Troyens* is not wholly pointless.

Ackté's libretto, even as judged in a literal translation, is a fine piece of work. The emotional crisis experienced by its principal triangle — the middle-aged farmer Juha, his much younger wife Marja, and Shemeikka the dashing travelling merchant — is foreshadowed in the very first line: Juha's "That she really could say it so bitterly, 'Clumsy, twisted man, just a cripple, bow-legged and clumsy!'."

The plot unfolds, and reaches a tragic climax, with a simplicity matched by its compassionately rounded view of human frailty. There are no heroes; no villains — even the seducer Shemeikka, whose permanent "harem" of discarded mistresses Marja discovers she is expected to join, is not presented in black and white. As an example of the rural naturalistic drama that European nationalist opera was exploring in the early years of the century, it demands comparison with more than one of Janacek's librettos.

Comparisons with Janacek, already widely made, are inevitable, and indeed proper in several important areas—for Merikanto's vocal line cleaves similarly close to the Finnish verbal accents and patterns, his dramatic pace is hardly less pulsatingly swift (*Juha's* three acts fairly plummet along until *the tragic final scene*), and his *blend of theatrical frankness* and musical athleticism invites a similar degree of passionate enthusiasm among its partisans. But the differences between the two are no less important. The musical language that Merikanto explores with such remarkable confidence (he had, after all, written only one short opera before *Juha*), lies much closer to the European contemporary mainstream—to Debussy, Skyrabin, Sibelius.

But the game of influences is not one that lasts any length during the experience of *Juha*; there is a "personal" imprint on every page, every vocal line. The muscular vitality of the orchestral writing, with its individual tingle of percussion and flute astringency, and the taut yet occasionally expansive vocal phrasing belong entirely to Merikanto. No less important, he had the born opera-composer's gifts of character differentiation, of pacing, of focusing drama in and through music. the orchestral interlude separating the first and second scenes of Act 3 is at once a masterly piece of symphonic *organisation and a* necessary operatic clinching-joint.



Jorma Hynninen and Peter Lindroos

I have known *Juha* for several years from the Finnlevy recording that followed its rediscovery. Friday's performance was my first theatrical encounter with it; and it quite swept me away, surpassing every expectation. I long now for a decent English singing translation to be commissioned, so that it can then be taken up without delay by the ENO, and in Leeds, Cardiff, St Louis, Santa Fe — those operatic centres where boldness is so often rewarded. There are not many 20th century operas of *Juha's* musical and theatrical impact.

The Finnish National performance had all the communicative urgency missing from their Edinburgh *Rigoletto*. Under Ulf Söderblom, company chief conductor (and conductor also of the *Juha* records), the orchestra and chorus gave an inspired account of themselves—when the King's is made to ring like this, it becomes a little easier to excuse its general inadequacy as an opera theatre. Sakari Puurunen's production, in the *spare*, vestigial wooden set of Juha Lukala, was plain but serviceable. (It was a mistake, though, to break the three-act, six-scene work into two halves.)

And the cast was faultless—powerful and telling alike in its tiny cameos (such as the two fierce mothers, played by Aino Takala and Helena Salonius) and its larger contributions. Anja, accepting, loving leader of Shemeikka's mistresses, was warmly played and sung by Satu Vihvainen. Peter Lindroos as Shemeikka sang strongly and gave a decent, if not entirely convincing, display of irresistibly handsome m.c.p.-ness. Eeva Liisa Saarinen's Marja, physically a touch slight, was sharply compelling in every move and note. In the title role Jorma Hynninen added another vocally unforgettable, heartbreakingly vulnerable figure to his portrait gallery. The first-night audience may have been few in numbers; their cheers at the close were the real thing.

As Is/Half Moon

Claire Armitstead

If one thing can be said for the AIDS epidemic it is that it has legitimised the gay love scene. The deathbed vows of Larry Kramer's lovers in *The Normal Heart* are mirrored in the closing stages of Wiliam M. Hoffman's *As Is*, when the stricken Rich asks of his partner: "Do you promise to stick with me no matter what happens?" and elicits a heartfelt "I do." Monogamy, inevitably, is one of the obsessions associated with an affliction linked on the one hand with promiscuity and on the other with isolation. Whereas Kramer confronts it through anger and argument, Hoffman toes a romantic line.

His central characters, Rich and Saul, are an estranged couple who are brought back together by the revelation that Rich has succumbed to the condition. The play opens with the conversation in which the revelation is made and closes with an embrace on a hospital bed. In between we are shown their friends and family trying to come to terms, the over-stretched crisis services trying to cope, the lovers themselves dealing, separately and together, with the sudden insistent intimations of mortality.

Hoffman is not afraid of scattering his dialogue with AIDS jokes; his dialogue with and often — as in a club scene when two leather clones confront each other in a ritualised pick-up sequence — fiendishly stylish. The weakness of the play, ironically, is the strength of its central partnership: we are never allowed to doubt that it will hold and be ennobled by adversity. Saul, a wonderfully animated performance from David Fielder, might be appalled at finding new marks on his lover's body, but there is no intimation at any point that his fear might get the better of him. Yet the incidence of desertion of repeatedly hospitalised invalids is one of the points that is raised by the hospice nurse.

In the light of the issues that Hoffman raises but declines to address dramatically, it seems significant that, unlike Kramer, he chooses to quit before the end. Rich is allowed his temper tantrums but, as played by George Costigan, is never less than prettily vulnerable. I sense a slight unease in a performance that certainly starts the evening rather too mannered: there is even a certain coyness in his enunciation of the queenly "Oh, how I miss sleaze."

But Chris Bond's production matches the elegance of the writing on a set (Ellen Cairns) of skyscraper dissolving into city living-room, which uses the cavernous Half Moon well to intimate the monstrous disorder creeping up the best laid-out blocks. Ursula Jones is splendid as the hospice worker, half saint half secretary and crisply compassionete, and there is some nice support work, particularly from Ray Shell and Susannah hospice nurse

Alastair Muir

David Fielder and George Costigan

Birtwistle's Fancies/Elizabeth Hall

Dominic Gill

The final series of concerts comprising this year's South Bank Summerscope began last week with a selection of music chosen by a single composer, Harrison Birtwistle — "His Fancies, His Toys, His Dreams." The gloss in our programme described the venture rather elaborately ("His fancies are the works he likes, from which we can hear his taste for early music; his toys are those ideas with which he plays; and his dreams are the personal vision without which no composer achieves greatness"). One could also have called it, a little more simply, a nicely varied sequence of programmes of music old and new devised by an intelligent musician of firm and perceptible taste.

Sometimes there are thematic connections, sometimes not; but a common thread to nearly all of the programmes is the *Hoquetus David* of Machaut, on which a dozen or so composer friends and colleagues of Birtwistle's were asked to contribute musical arrangements or give the series a focus, partly to examine some of the questions thrown up by the current fashion of authenticity, but from a composer's rather than a performer's viewpoint."

The first of these on Friday, a Machaut *Paraphrase* for wind instruments by Nicholas Sackman, made for an elaborate, tuneful, unremarkable 13 minutes: a neatly organised set of variations which give way finally (and not unpredictably) to the original text, but offered no especially pointed commentary of its own. Much more fascinating was to hear Stravinsky's own two versions of his *Symphonies of Wind Instruments*, the first dating from 1920, and the later revision, which we usually hear performed today, a brilliant "re-voicing" of the same pitches and harmonies. Stravinsky knew exactly what he was doing: the revision is incalculably better, sharper, more poignant.

The London Sinfonietta, conducted by Roger Norrington, was the evening's orchestra; and between whiles Norrington conducted his own Schultz Choir in two polyphonies from the Eton Choirbook, as well as a finale of Bruckner's E minor Mass. He returned again the following day to direct the London Brass, together with the pianist Roger Woodward, in a powerful account of Xenakis's *Eonta* — that exuberantly inventive milestone of the 1960s, today already perhaps a little dated in some of its procedures, but still gripping in its dramatic presence, and in the white light, white heat, of its textures. Few other pianists than Woodward can draw such a fine palette of colour from the piano at such ferocious speed (or, as anyone following the performance with the score might have been amazed to discover, with such ferocious accuracy).

Dominic Muldowney provided two premieres during the second day: a gentle Machaut paraphrase in a piano recital of Peter Donohoe's, lush with late-romantic reference; and *Ars Subtilior*, a substantial homage to 14th-century polyphony for instruments and tape, whose counterpoints were tossed excitingly between two widely spaced ensembles of brass, saxophone, harp and percussion (and at one point, mysteriously but terrifyingly, to the underpinning recorded rhythm of helicopter rotors). The *Hoquetus David* contribution of John Harle (subtitled "The Secret Life of Madame Sauvage") mixed plainchant with jazz harmonies and improvisations, very lively, very filmscore—*The Mission*, with tutus, on ice.

BBC Symphony/Albert Hall

David Murray

For some reason Colin Davis was unable to conduct Saturday's Prom, and his place was taken by the youngish American James Conlon. The original programme was retained, and Conlon—conducting all of it from memory—delivered it with professional gloss.

Debussy's ballet *Jeux*, an elusive but endlessly fascinating score, was distinguished by its luminous colours: Conlon evidently has a fine ear for sonorities, and the BBC Symphony must be the only orchestra in the world who can just about play *Jeux* by heart. In other respects the reading was over-plain, generally preferring a foregraund tune to Debussy's teasing multi-voiced ambiguities, and rhythmically too straightforward to leave room for a Debussyan *rubato*. The music is by turns tremulous and febrile, always in a mocking and sweetly decadent mood; this performance was healthy and a bit chunky, exposing seams instead of dancing over them.

Ravel, like his teacher Fauré, was inclined to regard *rubato* as a professional lapse. He would probably have liked Alicia de Larrocha's rigourous tempi and clear, no-nonsense touch in his twohanded Piano Concerto better than any romanticised reading. Instinct said, all the same, that the famously Gershwinesque second subject was surely meant to be more jazzily flexible than that; and that hitting a hell-for-leather "Presto" from the start of the Finale would have been better than working up to it gradually. The excellent BBC trumpet not only met Ravel's taxing demands, but rescued the "Allegramente" from a near-fatal lapse near the end.

Conlon's Beethoven 7th was crisp and clear, with a brisk Introduction and an insistently up-tempo Allegretto. Sheer exactness of intention took it a long way — one could even read Conlon's habit of riding straight through weighty modulations as an austere Roman virtue, though it deprived the Allegretto of suggestive depths. For the dionysian Finale it was insufficient. No doubt Beethoven would have loved to hear it played as well as that; but we jaded moderns respond better to less unremitting *fortissimo* (Conlon used quadruple winds for the symphony), and more specific character. The less jaded Prommers appreciated it vociferously.

Arts Guide

August 28 – September 3

Music

PARIS

Ensemble Gilles Binchois conducted by Dominique Vellard: Cathedral Vocal Music, Ecole Notre-Dame de Paris (Mon, 8.30pm). Saint-Severin Church.

Anna Stella Schic, piano: One Hour with Gershwin (Tue, 7pm). Auditorium des Halles.

Ensemble Erwartung conducted by Bernard Desgraupes: Hommage to St. John Perse and Blaise Cendrars with Durey and Milhaud (Wed, 8.30pm). Auditorium des Halles.

Orchestre Français des Jeunes conducted by Emmanuel Krivine, Gerard Causse, alto: Debussy, Bartok (Thur, 8.30pm). Salle Pleyel.

All the above are part of the Paris Festival Estival (4804 9801).

LONDON

London Sinfonietta conducted by Diego Masson with soloists. Machaut/Birtwistle, Monteverdi, Kagel and Berio. Queen Elizabeth Hall (Mon). (928 3191).

BBC Philharmonic Orchestra conducted by Edward Downes with Robert Tear, tenor. Delius, Richard Rodney Bennett and Rachmaninov. Royal Albert Hall (Mon). (589 8212).

Philharmonia Orchestra conducted by Owain Arwel Hughes with Gyorgy Pauk, violin. Rossini, Grieg, Bruch, Beethoven. Barbican Hall (Tue). (638 8891).

BBC Symphony Orchestra conducted by David Atherton. Bartok and Shostakovich. Royal Albert Hall (Tue).

Israel Philharmonic Orchestra conducted by Zubin Mehta with Shlomo Mintz, violin. Brahms and Mahler. Barbican Hall (Wed).

BBC Philharmonic Orchestra with chorus and soloists, conducted by Edward Downes. Tchaikovsky and Borodin. Royal Albert Hall (Wed).

Israel Philharmonic Orchestra conducted by Zubin Mehta. Bruchner. Royal Albert Hall (Thur).

English Chamber Orchestra conducted by Edmon Colomer with Emanuel Ax, piano and Jose-Luis Garcia, violin. Mozart, Beethoven and Vivaldi. Barbican Hall (Thur).

Taverner Choir and London Sinfonietta conducted by Andrew Parrott with Rohan de Saram, cello. Machaut, Xenakis and Stravinsky. Queen Elizabeth Hall (Thur).

CHICAGO

Ravinia Festival: The Tokyo String Quartet. Beethoven cycle (Tue, Wed, Thur). Highland Park (728 4642).

JAPAN

Japan Philharmonic Orchestra conducted by Ken-Ichiro Kobayashi with Mariko Senju, violin. Rimsky-Korsakov, Saint-Saens, Massenet, Sarasate and Ravel. Suntory Hall, Akasaka (Thur). (237 9990; 980 6060).

Opera and Ballet

JAPAN

Japan Folkloric Art Dance Troupe: Programme consists of traditional dances from the various regions of Japan, in spectacular, colourful and *highly skilled presentation. English* programme notes. Yubin Chokin Hall, Shiba Park (Thur). (582 9171).

LONDON

London Palladium: Ballet Theatre Français with Rudolf Nureyev dancing each night in a Diaghilev season.

NEW YORK

New York City Opera: A fortnight of Sigmund Romberg's The Desert Song features Richard White and William Parcher as Pierre Birabeau in the company's first performances of the work, which is conducted by Jim Coleman in Robert Johanson's production. Lincoln Center (870 5570).

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

The Balcony *(Barbican): Sadly dated* and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

Follies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque re-union in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (242311).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic *only in the sense of a rather staid* and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

WASHINGTON

Satchmo (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

South Pacific: Robert Goulet stars in the Rogers and Hammerstein musi*cal in the last weekend of Wolf Trap.* Vienna, Va. (703 255 1868).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was handpicked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Annie. The Japanese-version of the Tony-award winning musical by Charles Strouse and Martin Charnin. Stars Shiori Kanno as Annie with Ichiro Zaitsu, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (239 1837).

Contemporary Music Network appointment

Dominic Barrington has been appointed Organiser of the Contemporary Music Network in succession to Annette Moreau. He has been a freelance administrator and manager and has also worked with various groups including the Hilliard Ensemble, Lontano, the Allegri Quartet and The Sixteen.

The Council has also decided to instigate a major inquiry into the scheme, to determine whether it provides the best means of supplying new music of the highest standards to the regions, and if so, what improvements can be made to the present system. The inquiry will be undertaken by Dick Witts, director of the Camden Festival and the Camden Jazz Week, over a three-month period, at the end of which recommendations will be put before the Council.

Comments on the structure and operation of the Contemporary Music Network should be addressed to Dick Witts c/o Touring Department, Arts Council of Great Britain, 105, Piccadilly, London W1V OUA.

Festival of Thailand in London

Britain is hosting its first Festival of Thailand at the Barbican Centre and Sadler's Wells from September 30 to October 10.

Titled *Portrait of a Kingdom*, events at the Barbican will include an exhibition in the Concourse Gallery covering the life and history of Thailand with a reconstruction of a Thai village house

At Sadler's Wells Theatre until October 10, the Thai Royal Dancers will perform both classical dance, and the aerobatic folk dances from rural Thailand.

The festival is being mounted by the Anglo-Thai Society and sponsored by British Telecom, Laporte Industries, Lever Bros, National Westminster Bank, ICI, Export Bass, Britoil and the Hongkong and Shanghai Banking Corporation.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Tuesday September 1 1987

Early trials of Mr Greenspan

MR ALAN GREENSPAN has kept an understandable near-silence during his first month as chairman of the US Federal Reserve Board; but the pressures are now building up for him to break it. During his confirmation hearings the Senate chose largely to overlook his public statement, only ten days before his appointment was announced, that the dollar was still substantially over-valued.

The market has not been so tactful, and despite substantial intervention last week by the Bank of Japan, supported by other foreign central banks, the dollar closed looking sickly. The Fed itself has not visibly joined in the support operations, and doubts about US policy for the dollar therefore persist.

The question of whether a further dollar devaluation would be helpful or appropriate is no doubt debated in the Administration, as it is in the markets. Those arguing for a further fall cite the continued US current account deficit, which is a confusing and potentially misleading indicator, and the weak growth of the US economy, which would be more telling if growth were truly weak. Those who wish for stability fear a strong inflationary impulse from any further slide; but even this argument can readily be over-stated.

In face of these perplexities, it may be useful to cite British experience of a rather similar adjustment, undertaken a good deal earlier. This can be summarised very briefly. British experience suggests that all the effects of a major exchange rate adjustment appear after much longer time lags than had been expected. Even after a long lag, the impact on prices is surprisingly weak, and there may be no favourable effect on the current account at all; but the stimulus to economic activity appears, after a lag, to be strong and sustained.

Nothing much has happened in the last two years to suggest that the US experience will be radically different from this, despite the very different circumstances of the two countries. There are two similarities which help to explain this.

The US is a key market for world exporters, as Britain is for European exporters, so that a good deal of the adjustment in both countries has been taken on import profit margins. And in both countries the period of extreme over-valuation was long enough to cause deep structural changes in industry; that is why the subsequent response to competitive opportunity is bound to be slow.

It is clearly gathering force in the US, all the same. Export volumes, manufacturing output and labour productivity are all rising strongly. More tellingly, there are clear signs of labour shortage in some of the manufacturing regions which were most deeply depressed a few years ago. These shortages, coupled with the recent weakness of real incomes in the US suggest that there is indeed a danger of domestically-generated inflation at a much earlier stage of the adjustment than in the UK.

This is one strong argument for trying to secure a spell of dollar stability at this stage. Manufacturing and export volumes show that there has been a strong response to the adjustment in real terms; but this has had little impact on the current account, because the endless series of small downward adjustments in the dollar are perpetually tipping the terms of trade against it.

Market crises

British experience also suggests that the private sector is itself capable of considerable adjustments in competitiveness, in terms of efficiency and marketing, once it knows the terms on which it is expected to operate. Further, export growth may well be hampered as long as customers can hope to be offered the same goods cheaper after the next slide. Only a period of stability, in short, can show whether the adjustment is adequate or not.

Mr Greenspan will hardly need reminding, of course, of the financial advantages of stability. It is uncertainty which creates the market crises which have to be met by more and more intervention — intervention which is creating problems of monetary management all over the developed world.

If the credibility of the Louvre agreements could be restored through a firm American endorsement of the present pattern of parities among the major currencies, central bankers as well as traders and manufacturers might find life a great deal more straightforward.

Reacting to the Islamic challenge

AS FOREIGN MINISTERS of the Arab League gathered in Tunis last week to discuss threats posed by the Iran-Iraq war, a confrontation of a rather different kind was continuing on the streets and in the courts of the Tunisian capital.

Since March, there has been a series of small but violent demonstrations involving groups of Islamic militants. At the beginning of August, four bombs went off in hotels in Monastir and Sousse, injuring a number of tourists.

Now the authorities—believing they face a serious challenge, orchestrated directly by the Islamic revolutionary Government in Iran—have gone on the offensive. They have locked up an estimated 1,500 members of Islamic groups, and 90 radicals are this week on trial.

Nervous reaction

President Habib Bourguiba, the 87-year-old leader who has ruled Tunisia throughout its 30 years of independence, no longer appears to be making any distinction between radicals who have thus far preached non-violence and the relatively small numbers who have been involved in the disturbances. There is a danger that, in the process, he may be using a large sledgehammer to crack a nut which is not as threatening as it seems.

Tunisia has one of the most overtly pro-Western and secular governments in the Arab world; hence its nervous reaction to criticism from Islamic groups. But it is by no means the only nation to face a rising tide of Moslem radicalism. The growth of what is sometimes called "Islamic fundamentalism" is a phenomenon in just about every Moslem country from Mali to Malaysia, many of whose peoples — for the widest variety of reasons — feel let down by their post-independence leaderships. The question for all the governments involved has become how to prevent the challenge from becoming a real threat to the established order.

In Egypt, for example, President Hosni Mubarak has recently made some cautious but sensible moves to try to accommodate the religious right.

Tunisia's hard-line response, by contrast, may succeed only in rallying further support for the radical Islamic groups. There is a danger that by trying mainstream leaders the authorities will create "martyrs" and alienate some of the tolerant Moslem majority. This is precisely what happened in Egypt when the late President Anwar Sadat launched his own campaign against the fundamentalists.

Senior Western diplomats in Tunis believe that the Government would have done far better to take the radicals on in open debate; that there is no large constituency in modern Tunisia, with its open and relatively liberal traditions, for rigorous Islamic laws. They are also somewhat sceptical of the Government's claims that Islamic activism has been principally fomented by Iran, with which President Bourguiba broke off relations in March.

It seems more likely that Tunisia's troubles are essentially domestic in origin. There are both political and economic reasons why Islamic radicalism has found particularly fertile soil in the country.

Growing uncertainty

Mr Bourguiba's style of government has been increasingly autocratic and unpredictable in recent years, amid frequent cabinet reshuffles and growing uncertainty over the succession to the presidency. The ruling Destour Party's monopoly on power has been tightened, and bodies which used to be allowed a certain leeway as alternative centres of influence—such as the trades union movement — have been either weakened or co-opted, leaving the Islamic groups to occupy an increasingly central role in opposition.

The economy, meanwhile, is going through a painful but necessary restructuring, involving job losses, price rises and general austerity. The fear must be that discontent resulting from the economic reforms will simply aggravate the existing political malaise. The significant advances made in modernising Tunisia over the last three decades, and more recently in putting its economy in order, are too valuable to be thrown away by insensitive political leadership.

The Philippines after the attempted coup

An army divided

By Roger Matthews in Manila

PROBABLY the most alarming fact for President Corazon Aquino to absorb in the wake of last Friday's failed coup attempt was that there was little, if any, heavy fighting.

There are supposed to be 10,000 government troops charged with the defence of metropolitan Manila. Yet within the space of a few hours a force of no more than 1,000 rebel troops walked in and seized the headquarters of the army and air force and two television stations. Only the presidential guard fought off the attack.

The huge expenditure of ammunition during the day from assault rifles, machine guns, armoured cars, artillery and helicopter gunships produced an official death toll of 41, half of whom were civilians. When compared with the damage a lone gunman can inflict within a few minutes on an English country town, it suggests either extraordinary incompetence by the Philippines military, or, as was the case, that for most of the time they were not shooting to kill. Nor did government troops initially attempt to defend. When the rebels heard Mrs Aquino order an all-out assault on their by then well-defended positions they either slipped away or surrendered.

The crucial battle within the army was not physical but psychological; whichever side looked as if it had a minimum of 70 per cent support would carry the day.

A profoundly divided military is only one, if the most pressing, of the issues the country has to face.

The list of political calculations required of Mrs Aquino at any one time are daunting, and not surprisingly lead at times to near paralysis in the decision-making process. She presides over a country with one of the world's fastest growing, largely impoverished populations—half of it under the age of 16. Many are also devout Roman Catholics, looking for leadership to a highly politicised Church as much, if not more than to their elected Congress.

Mrs Aquino also inherited from President Marcos a Moslem secessionist movement and a well-established Communist insurgency headed by the New People's Army, which on the most modest assessment exercises considerable influence on 25 per cent of the country.

Stir into that cauldron a sensitive post-colonial relationship with the US, which operates two large military bases, and the scope for policy debate stretches to the horizon.

Mrs Aquino's two main initiatives for moving the country forward economically and redressing political grievances—privatisation of government holdings and sweeping agrarian reform — are also making disappointingly slow progress and attracting considerable criticism.

The young, idealistic officers who led Friday's revolt gave no indication then, or subsequently, that they had any particular plans for resolving these issues. They were protesting more than proposing. One of them, a key member of the Reform Army Movement (RAM), which helped topple President Marcos and who is a close associate of Colonel Gregorio "Gringo" Honasan, Friday's coup leader, yesterday sought to explain the rebels' thinking as he sat quietly at home waiting to see if he would be arrested.

"There is a lot of idealism about these people," he said. "They are misty eyed rather than power hungry. They are the ones who really made the revolution possible. What we wanted was nothing more than good government. Instead, we see all the old excesses of Marcos returning. Now there are Aquino cronies getting rich at the expense of the poor. We, who made the revolution, are ignored. But it was Mrs Aquino who brought the military genie out of the bottle and history shows repeatedly that it cannot just be stuffed back in again."

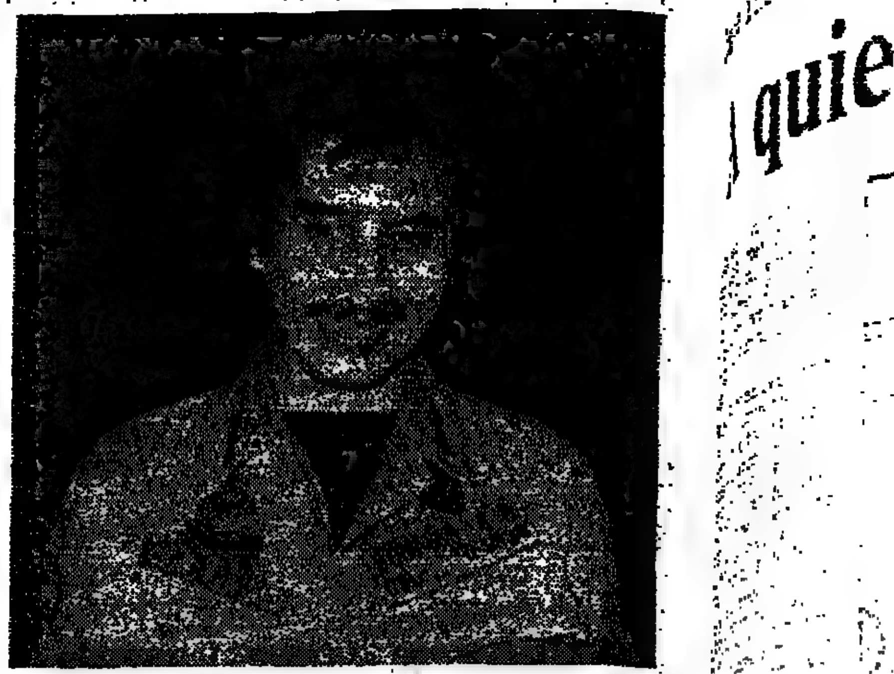
Other officers are deeply concerned by the continuing amnesty offered by Mrs Aquino to Communist insurgents at a time when the New People's Army continues its raids and assassinations. They share the concern of the Reagan Administration about the presence within the Aquino inner circle of people suspected of strong leftist sympathies and the ill-disguised anti-militarism of the influential presidential secretary.

Many of them believe that this is reflected in the pay rates for soldiers — $50 to $80 a month (£31-£49)—and the tiny proportion of the national budget set aside for equipment purchases. Less than 48 hours after the coup attempt, General Fidel Ramos, the chief of staff who has stuck at Mrs Aquino's side during the four previous insurrections, announced that he was recommending a 60 per cent pay rise for the armed forces and additional funds for new equipment.

"But will it be approved?" a young officer asked yesterday. "We have been asking for our men for so long and nothing happened. Yet last week at the mere threat of a strike by the Communist transport workers the President immediately called off the petrol price increases she had announced. It makes us wonder whose side this Government is really on."

The widespread belief that the military has a genuine grievance makes more difficult the response by Mrs Aquino to Friday's events. She quickly labelled the rebels as traitors who would be dealt with severely. But the 800 or so men incarcerated on two ships in Manila Bay include men urgently needed to combat increased Communist insurgency.

Some of Mrs Aquino's advisers and many members of Congress argue that as commander-in-chief she cannot this time respond with conciliation and compromise. "How can we possibly attract the foreign investment which we so desperately need when there is such a sense of drift and such an obvious absence of leadership," says a local businessman.



Colonel "Gringo" Honasan. "We see all the old Marcos excesses returning," say the rebels.

"Friday will have set us back years and if this continues the country is going to slip back economically even further. With the population growing so fast, and the Church a colossal obstacle to any form of population programme, we need economic growth of 7-8 per cent a year just to stay in the same place. This year we will be lucky to get 4 per cent."

This week, Mrs Aquino is more than ever the key to the future. She alone can draw on majority public support and it is her person, rather than the democratic institutions created under her presidency, that the "people's power" will protect. "She is still the emperor. She might not have a stitch on but the people are still cheering her, telling her she is the best clothed lady in the Philippines," says an army officer.

There is equally little doubt that the stakes have been raised significantly by Friday's events. It was a serious, if partially bungled, bid for power which revealed the true depth of the divisions in the armed forces. Mrs Aquino should now have a better understanding of the risks

It is, sadly, all too probable that her opponents will also have concluded that their brand of psychological warfare is, in the last analysis, only checked by the presence of Mrs Aquino. Next time, and few in Manila doubt that there will be one, Mrs Aquino will need the army to choose much more quickly which side it is on.

Israel's Lavi fighter

The day Uncle Sam said 'No'

By Andrew Whitley

"IF, FOR some catastrophic reason, Israel were to cancel the project, we would be losing much more than a plane—we would be losing our chance for the future," said Mr Moshe Keret, president of Israel Aircraft Industries (IAI), in December 1985.

Twenty months later, the moment of truth has arrived for the country's biggest-ever project. On Sunday, after weeks of agonising, the Israeli Cabinet decided by the narrowest of margins—13 to 12—to cancel the advanced combat aircraft billed as the best in the world, the Lavi.

Far more than just a new weapons system was at stake. Around the sharp-nosed little aircraft crystallise such fundamental issues for the Jewish state as its technological development, the prevention of a "brain drain" of skilled engineers and, above all, its strategic independence.

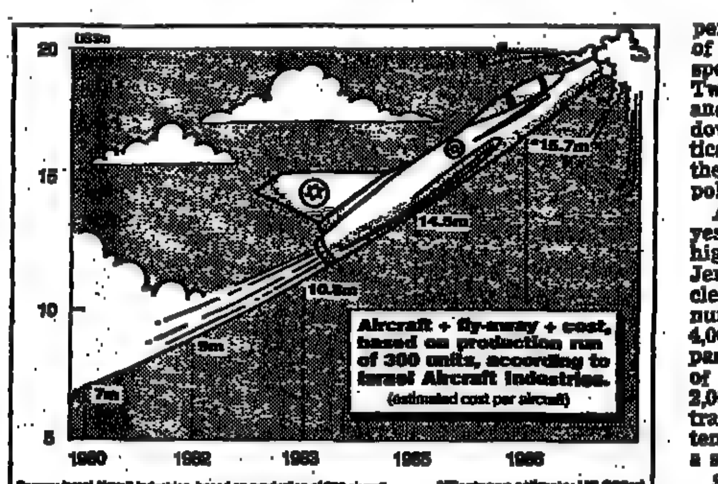
What began as a cheap workhorse, to replace the air force's 30-year-old A-4 Skyhawks and Kfirs, was transformed on the IAI drawing board, and in the Government's imagination, into a top-of-the-line aircraft superior to the US-made F-16s Israel currently has in service.

What was conceived as an aircraft with considerable export potential was metamorphosed into a weapon tailor-made for battle conditions in the Middle East, notably against the Soviet-made Syrian missile defences. Export prospects are rated as virtually nil.

Worst of all, a project designed to increase Israel's military and technological independence was always bound to end up, willy-nilly, increasing US influence.

Even in the development phase of the Lavi, 50 per cent of contracts, worth $700m (£429m) went to US companies. The only way the wildly over-budget project could ever have been justified in economic terms was for IAI to obtain an American partner on a full cost-sharing basis. Such a partner was nowhere in sight.

According to a scathing report last month from the Israeli State Comptroller, a government Ombudsman, heavy reliance on US finance and components for the Lavi had simply increased dependence on Washington.



As Mr Yitzhak Rabin, the Defence Minister, has pointed out, a record 70 per cent of Israel's defence budget is now covered by US aid. The past 18 months to two years have meanwhile seen the exertion of an exceptional amount of US muscle, to kill off a project Washington believes is not cost-effective.

The State Comptroller's report went on comprehensively to demolish other arguments for the Lavi, including access to new technologies and materials. Criticising the decision-making process as being ill-thought out and poorly budgeted from the start, it presented a devastating portrait of successive Israeli Governments stumbling from one self-justificatory decision to another.

Split largely along party lines, with the right-wing Likud in favour of its continuation, and the Labour Alignment opposed, the central figure in the Cabinet's deliberations over the Lavi was always Mr Shimon Peres, the Labour leader. Father of Israel's military industries, it was Mr Peres's unswerving support for the aircraft project up to his sudden —and largely unexplained— change of heart two weeks ago which kept the funding flowing through successive changes of government.

Weighing heavily in the balance was the fact that public opinion in Israel has been solidly in favour of putting the aircraft into production, even though this would have meant personal sacrifices in the form of higher taxes and tighter state spending on welfare services. Two prototypes are already up and flying and shooting them down requires considerable political courage, at a time when the balance between the two big political blocs is so fine.

As the IAI workers who yesterday blocked the main highway, between Tel Aviv and Jerusalem, made abundantly clear, jobs are at stake. The numbers are not huge—about 4,000 at the state aircraft company, representing 20 per cent of its workforce, and another 2,000 to 4,000 among subcontractors in Israel—but the maintenance of full employment is a sacred cow for Zionists.

Supporters also cited the amount of money spent so far, about $1.5bn, as an argument for going on. But most of this money has come out of US grants, while the bulk of future production expenditure — estimated at anywhere between $550m and $900m a year—would have had to be provided by the Israeli Treasury. The consequences for the country's still fragile economic recovery are self-evident, as the strident opposition of the Bank of Israel and the Finance Ministry made clear.

As a sweetener for the cancellation, the Reagan Administration has already assured the Shamir Government privately that it will carry the $300-$400m in cancellation costs. It also told Mr Rabin that the "offshore" proportion of its $1.8bn military aid to Israel, originally earmarked for the Lavi, can be increased to help develop alternative projects and to finance other urgent military equipment needs. While Mr Peres has latched onto a "Lavi for the year 2000" substitute project to keep the aerospace industry happy, the navy is crying out for funds for its plan to build diesel submarines at Haifa.

Left to themselves, there is no doubt which way the Cabinet would have voted on Sunday. Many of its members served in previous administrations which had already endorsed the project on four occasions, in the teeth of the same arguments marshalled once again by the Lavi's opponents in recent weeks.

But Washington's incessant pressure in public and private, combined with the hard logic of the cost overruns, proved irresistible. If the fighter had gone into production, there is little doubt that the budget deficit, recently narrowed, would have widened sharply. The alternative to economic collapse, which the US would not permit, would have been increased US aid in one form or another. And that, no one in Washington is prepared to contemplate.

It is a truism of contemporary Middle East politics that no US Government, and certainly not the Reagan Administration, is prepared to push Israel into making the kind of concessions needed to square the circle of the so-called "peace process." But on this ultimately economic issue, so dear to the heart of the Israeli public and Government, Washington has finally gone that extra distance needed to secure the result it desired.

Men and Matters

PEKING AUGUST 31

Building for business

The term "socialist construction" once meant something like ideological character-building, but Chinese officials are now taking it rather literally, and hotels, apartment blocks and exhibition centres are sprouting

One effect has been to provide resident foreign business people in Peking with an impressive array of office and home choices, unimaginable to those pioneers who slept with a telex machine by their bed in the bleak Peking Hotel only a few years ago.

In fact, there is a glut of office space in the Chinese capital and foreigners have noticed that China's market reforms have begun to extend to their end of the economy, and prices are falling. The Sheraton Great Wall ("China's second Great Wall," or so the blurb goes) is offering a 20 per cent discount for long-term residents, while a "Holiday Inn" office complex on the east side is struggling to find tenants.

Yet to come in the office and apartment line are the Peking International Hotel, a world trade centre, a Sino-Australian business centre, and the Peking international tennis centre, which is demanding that the occupiers of its planned 151 units pay in Japanese yen.

There are many, many more on the way, and the sum total is that 10,000 apartments and 6,000 offices could be available for rent by the early 1990s, which will surely be a test of strength for Peking's market forces, as there are only 1,000 foreign companies registered here, some of which do not have expatriate staff.

The saddest example of premature construction is surely the Shenzhou Hotel, in the port city of Lianyungang. The $4m Swedish pre-fab building, with a touch of minimalism here and a concealed light there, can cater for 180 guests, and has a flash nightclub and fancy restaurants, but very few takers. A West German businessman stayed there two weeks ago and hinted that he may be back in October.

An idea whose time has still to come and will be a long time in coming, the hotel was half-funded by an overseas Chinese looking to do his bit for the motherland, and half by the local development authority. The most telling sign of its emptiness while I stayed there came each night around nine, when the manager would ask what film I wanted to watch on the in-house video.

Obo blue

The Huadong electron tube factory in eastern China has a truly revolutionary past and, most probably, a joint venture future with Philips in producing television picture tubes.

Huadong was close to finalising a deal with a US company in 1972 when it was caught up in the Cultural Revolution and the legendary "crystal snail incident." A delegation from the factory had visited the US and was given a set of crystal snails as a show of Sino-US friendship.

The deal and the snails were shattered when Madame Mao Zedong was told of the gift, which she considered an insult. The US imperialists, she told a country ridden with Little Red Books and pubescent Red Guards, were suggesting that China's pace of development was akin to that of a snail.

China has changed, and foreign exchange balances and export agreements remain the only obstacles to the Philips joint venture, though it was almost derailed by an ambitious Japanese company which somehow came across the precise details of Philips' offer and made a more generous bid.

"Most of our kite flying is done by politicians."

"The Philips people were very upset," a Huadong official explained. The Chinese factory peresevered with the deal because "we understand that Philips is really highly regarded in the world," which is true, though the Huadong people seem a little confused by the relocation of the technological front line: "We decided that instead of using Philips technology copied in Japan, why not directly introduce it from Philips?"

Another Chinese work unit to the north, the Xuzhou synthetic detergent general factory, is also importing ideas from the West and, dare it be said, even copying one or two. The factory is best known among ordinary Chinese for producing a detergent by the name of "Seagull," which is the number two seller nationally behind the Shanghai-made "White Cat."

The innovators at the detergent desk have begun producing a blue-packeted — with all instructions in English and no sign of the factory's name—blue detergent remarkably similar in nature and design to the world famous "Omo." Of course, any resemblance must be purely coincidental as the Chinese packet bears the name "Obo."

Insecure sex

Sex and the single businessman has become an issue in the Chinese capital following the uncovering of a man from Siemens and a local girl engaged in more than contract negotiations in an hotel room by ever-vigilant officers from the Public Security Bureau.

A news agency, best known for its financial service, reported that the man had been expelled for committing an illegal act, but the agency was contacted by China's foreign ministry and told he was reassigned by his company, which has not been prepared to comment. Then a health ministry spokesman rang to say sex between a foreigner and a single Chinese is not illegal, though several official publications and many other officials say it is.

Informed rumour has it that two other foreign businessmen have been caught in the act in recent weeks, but the Public Security Bureau, which enforces laws for foreigners as inconsistently as it does for the masses, appears to have overlooked the indiscretions.

At least one large foreign company has circulated a memo to staff warning them to avoid black market money-changing and to be circumspect about casual encounters of the carnal kind. The most disturbing aspect of the Siemens case is the fate of the detained girl. In spite of repeated questioning by correspondents, the foreign ministry — which says sex is fine as long as the couple are "in love" and plan to get married — refuses to say whether she has been "re-educated" or released.

Observer

David Thomas samples products at Berlin's consumer electronics fair

A quiet evening at home

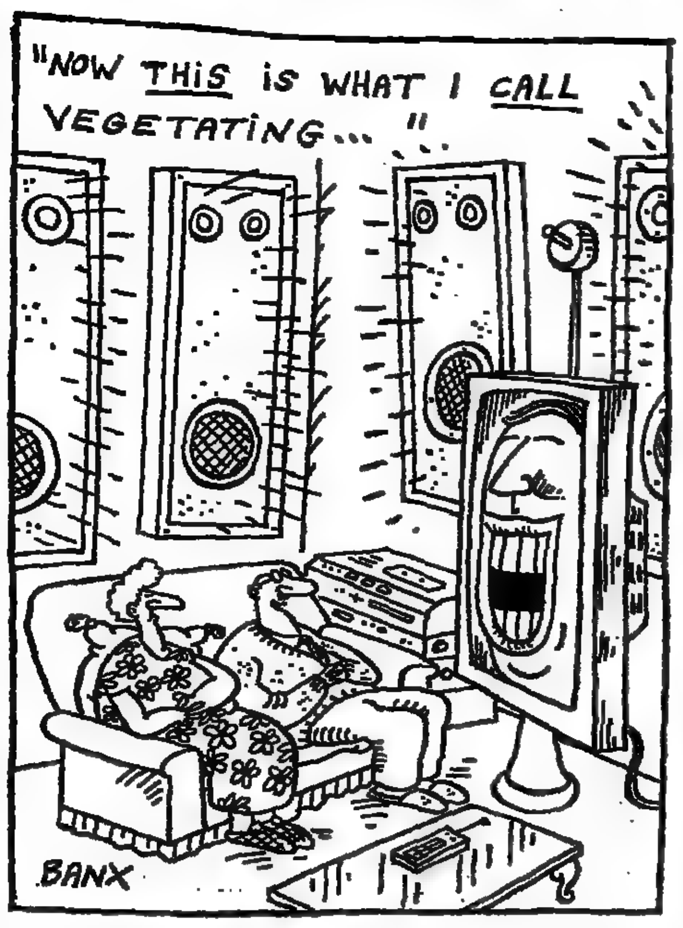
IF YOU have a taste for consumer gadgets, then Berlin is the place to be this week. The Berlin Consumer Electronics Fair, held every two years and the biggest in Europe, is in full swing.

Do you get withdrawal symptoms if not surrounded by sound? Then a floating radio, complete with amphibious loudspeaker, is a must. Resistant to salt water, it can be taken into the bath, shower, swimming pool, sea and is ideal, says the blurb, "for picnics in the rain."

Do you have problems deciding how to cover your walls? One solution is to transform them into loudspeakers. "A great deal of research was needed to produce this loudspeaker," the handout announces breathlessly. It is steamrollered to a miniscule depth of 6.4 cm and a height and width 2 metres square.

Yet perhaps the most pressing question after touring the show's 25 halls is whether consumers are in danger of being overwhelmed by the industry's inventiveness.

The question raises enough anxiety for Mr Helmut Ricke, chairman of the international electronics industry association organising the fair, to have mentioned it in his opening address: "The rapidity of technological development in microelectronics and the ever shorter cycles of innovation bring with them not only consumer fascination but often irritation," he says.



Philips, the Dutch electronics company, believes that by 1990 a domestic remote control unit will be required to issue five times as many commands as the most sophisticated model on today's market. In 10 years half the products available for home entertainment will be completely new.

"New features, new products, new possibilities. All leading to one thing: increased operational complexity," Philips warned in a paper distributed at the show.

Part of this complexity arises from a theme running through many of the exhibits in Berlin—the increased integration of audio and video in the home. Although televisions and music systems may still be found in different parts of a room, they will increasingly be controlled from the same centre.

Philips thinks it has the solution to the problem of mounting operational complexity. Called rather obscurely Domestic Digital Bus, it will allow a consumer to give one command—such as "listen to compact disc player"—to an integrated control centre. The control centre takes care of any subsidiary commands needed to make this possible, such as switching off the video-recorder.

But the industry is faced with a more fundamental issue than having to devise user-friendly ways of helping consumers faced with head-scratching choices between different forms of entertainment. The problem is one of consumers lagging behind technology: the industry is trying to persuade customers to shell out ever more frequently for the next generation system when most have yet to catch up with the present one.

An air of nervousness surrounded two of the main products seen in Europe for the first time at Berlin: digital audio tape and CD-video. In the case of DAT, the revolutionary Japanese sound system which allows almost perfect copying from a compact disc, the machinations in Berlin assumed Byzantine proportions.

Almost every Japanese electronics group gave pride of place to DAT on their stands. Yet on Thursday, the day before the show opened, all the companies were treating DAT as though it were a state secret. They would not be announcing a launch date. They had no information about how much it would cost.

"You will find that every company says the same. We want to sort out the problems with the record companies first," was the standard line, issued in deference to the Western music industry's fear that DAT will drain its copyright income.

So it was a surprise when Sony announced on Friday that it would be selling DAT machines in Europe from October. Two contradictory interpretations were immediately put on this by seasoned industry watchers.

The first was that this was another Japanese ploy. It had been agreed in Tokyo that Sony would act as the stalking horse, allowing all the other Japanese manufacturer's to say they would have to follow Sony's move by launching DAT in Europe themselves.

The second was that Sony's decision — not for the first time — to break ranks with the other Japanese manufacturers was a genuine surprise. Some of them might still hold off launching DAT in Europe, waiting to see whether Sony got a bloody nose.

Yet all the Japanese groups, even Sony, were at one in talking down the immediate commercial implications of DAT. The high initial cost — the Sony system will cost about £1,300 — means that only affluent hi-fi buffs will buy it at first. Moreover, though they did not admit this publicly, most believe the lack of prerecorded DAT cassettes from the record companies will slow its take-off.

CD-video, due to be shown for the first time in the UK tomorrow by Philips, its inventor, is hedged around by similar worries about the lack of music software. Discs of three different sizes combine for the first time CD sound with video. Its backers believe it will allow the mass commercial exploitation of promotional videos made for pop singles, as well as opening up a market for top quality audio and visual recordings of concerts, operas and so on.

However, others in the industry argue that CD-video will have to struggle initially against the fact that the music companies will not be producing many recordings for the new system.

CD-video was one of the few major new developments at Berlin being pioneered by a single company. True, others, including Sony, Panasonic, Pioneer and Grundig, were showing CD-video, but only Philips, which had a mini-pavilion devoted to it, was pushing it hard.

Few companies are going out on a limb with other developments, though there is an infinite amount of hype about who has produced the flattest, smallest, biggest, clearest television. In most technologies, the consumer electronics industry seems to hunt as a pack.

Yet there was one noticeable absentee: the British. The organisers said that three of the 365 exhibitors were British-based—and they were well hidden.

True, the airlines from London to Berlin was full of people going to the show. Nearly all were Japanese or Korean.

FOREIGN AFFAIRS

The same script, the same error

Edward Mortimer says the US and Britain are confusing guns and butter in the development debate

MANY OF us might not have noticed that the United Nations is currently holding a conference on "the Relationship between Disarmament and Development" but for two things.

First, the US boycotted it. Secondly, Mr Mikhail Gorbachev sent a message to the conference suggesting that the subject be discussed "at a special meeting of top leaders of member states of the United Nations Security Council," and this too was promptly rejected by the US, as its author must have known it would be. He had simply scooped up a propaganda victory offered to him on a plate, enabling the casual newspaper reader to gain the impression that the US is against both disarmament and development, while the Soviet Union is in favour.

The US refused to take part in the conference because, in the State Department's words, "we believe disarmament and development are not issues that should be considered inter-related." This is a perfectly tenable point of view but, since the opposite view is held very strongly by many people of goodwill—especially but by no means exclusively in the Third World—it would surely have been smarter of the Americans to attend the conference and state their case.

As it was, this task was left (I almost wrote "delegated") to Mr John Birch, the acting head of the UK mission in New York. Members of the US mission were heard to say how much they approved of Mr Birch's statement last Wednesday, which (they said) was just the sort they would have made had they taken part.

Indeed, one passage in it, calling on the Soviet Union to emulate Western governments by extending glasnost to the publication of hard facts about its defence budget, coincided almost word for word with a speech that President Ronald Reagan was making in Los Angeles the same day. Mr Birch also recalled, for the record—as Mr Reagan congratulated a British magazine for doing—that it was the US which first proposed the "zero option" in the negotiations on intermediate range nuclear forces.

It is certainly desirable to remind public opinion of that fact, and good that Nato allies should speak in unison on a matter of such importance to their common security. But it may not be particularly good for the prestige of either Britain or the US that the former should be seen to act as spokesman for the latter in a major international conference.

All that, however, is a matter of diplomatic tactics. What of the substance of the argument?

Its starting-point is a set of what seem very shocking and damning statistics. "Every minute," writes the Indian journalist Renna Shah in an article circulated by the UN before the conference, "the race. At the same time, one-rate. At the same time, one-fifth of the world's people live in abject poverty; about half do not have access to clean water; and one of every 10 people is hungry or malnourished.

"It is estimated that less than 1 per cent of the yearly spending on the world's arsenals would buy enough agricultural equipment to make countries now insufficient in food, self-reliant."

What could be more iniquitous? And who is to blame? Needless to say, the developed countries "which spend 80 per cent of the world's nearly $1 trillion annual arms budget," and on whose territory "most military industries are located." (These figures, of course, include the Soviet Union, but for some reason only Western leaders seem embarrassed by them.) As for developing countries, they account for only a "minor portion of the world's military expenditures," but "economically they are the hardest hit. They spend more than a third of their national incomes on the military and import almost $26bn worth of arms every year."

So there are at least two issues involved. On the one hand, developed countries are spending vast sums on defence, some of which they could in theory divert into development aid. On the other, the developing countries themselves are squandering sums which are smaller in absolute terms but larger as a proportion of their meagre resources.

On the face of it, the solution for both is simple — as Mr Birch put it, "to spend less on guns and more on butter." But, he went on to ask, "why is it still a theory, not a practice? Why do countries, rich and poor alike, continue to spend money on guns and not on agriculture, schools and hospitals?" Not, of course, for the fun of it, but because their governments are genuinely persuaded that the guns are necessary for national security.

"To provide security for the citizen is the first duty of government," Mr Birch went on. "It is indeed the raison d'etre of government." It is no good expecting Britain or any other donor to "increase its aid spending at the expense of its security"; and even if arms control agreements do make possible "increased security at lower levels of armaments" there can be no certainty in advance that a given quantity of resources would thereby be released.

Indeed it might not be possible even in retrospect to quantify the economic effect of such agreements. So there is no point in discussing how such entirely hypothetical resources might be deployed.

If that were the primary object of the conference, Mr Birch would no doubt be right. But its purpose is not really to draw up detailed plans for spending imaginary funds. Rather it is to alert world public opinion (an elusive but not quite meaningless concept) to a very serious distortion in the world economy.

Mr Birch's doctrine of national security is no doubt an accurate exposition of the rationale by which that distortion is justified, if anything even more fervently by Third World govements than by First World ones. Generally speaking they do give priority to defence spending over other claims on national resources, and are genuinely convinced that considerations of national security oblige them to do so. But that does not mean they are right.

Even if one country's defence budget is considered in isolation it is by no means certain that more weapons and larger armed forces automatically mean greater national security. In many countries, especially in the Third World, armed forces inflated in size and in political clout have themselves proved the greatest danger to the government that created them. In others there may be no such directly disastrous consequence, but equaly no plausible gain. Is India really any safer for the possession of an aircraft carrier? what sort of attack is it thought to deter, and from which country?

But of course isolated increases in defence spending are in practice very much the exception, not the rule. The general pattern is an "arms race," with larger and larger quantities of weapons deployed by two or more parties to a potential conflict. While it may be very difficult for one party to withdraw unilaterally from the race, it is also very hard to believe that any party's security is positively improved by its continuance. Most people, indeed, would argue that the introduction of more and more destructive weapons into a region diminishes the security of everybody in it.

That is without mentioning the non-military aspects of security. Is it necessarily true, as Mr Birch says, that security (ie physical security) comes first and then "prosperity, welfare, all the rest, follow?" Or may not the lack of "prosperity, welfare, all the rest," by exacerbating social, ethnic and religious tensions, itself constitute a potent factor of insecurity, so that dealing with that lack would actually be a more effective way of improving national security than investing in more soldiers and more weapons? The point is at least worth considering, on the global as well as the regional scale.

Letters to the Editor

All for soft commissions

From Mr C. Sinclair-Poulton.

Sir,—I was impressed by Clive Wolman's article on soft commissions (August 27) primarily because he managed to quote virtually every known critic of soft commissions without referring to many of the larger number of people and institutions who support it.

The diagram implies that the stockbroker would reimburse any commissions directly to the fund manager. This is not the case as the payment would go directly to the provider of the investment service and never to the fund manager. In addition following the rules of the SIB and Stock Exchange a soft commission broker can only sponsor investment services which benefit the ultimate client, as such salaries and other such expenses would never be paid for.

The basic premise is that by using a soft commission broker the investor would end up paying more and the fund manager would unjustly enrich themselves. Fund managers have the option of dealing with a discount broker and pass on any service costs to the pension fund investor or to use a soft commission broker and not pass on any service costs. A simple example would show how this would affect the client's costs:

£300,000 trade
£3,000 cost for a service

Discount broker:	
Service cost	£3,000
Commission (at 0.1 per cent)	£3,000
Cost to client	£6,000
Soft commission broker:	
Service cost	—
Commission (at 0.2 per cent)	£6,000
Cost to client	£6,000

As can be seen there is no additional cost to the client for using a soft commission broker. Moreover, the client would not be "deceived" under the SIB regulations as full disclosure for such softing will be required. The premise that fund managers would wish to deceive their clients is one I find totally inconceivable and is firmly controlled by the rules of the various SRO's and the SIB whose rationale is to protect the client.

This is the weakness of Mr Wolman's article. If the soft commission market was not so firmly regulated and the participants less scrupulous, then there would be a possibility of abuse. As it is under the present rules on soft commission, best execution and fiduciary responsibility the client benefits from soft commission as it gives the fund manager the ability to use the clients' commissions not just as a penalty for trading, but as an asset to reduce costs and more importantly increase the funds return.

Clive Sinclair-Poulton,
Hoenig Institutional Services,
5 London Wall Buildings,
Finsbury Circus EC2.

Educational standards

From the General Secretary, National Union of Teachers.

Sir,—Joe Rogaly (August 27) makes some salient points about the superficial nature of Kenneth Baker's commitment to consultation on the Government's education legislation. He is right to stress the importance of winning the co-operation of teachers if you want meaningful educational reform.

He is quite unfair in describing the NUT as reactionary.

Is it reactionary to promote quality in education for all the nation's children? We oppose Government plans to reserve privilege for a tiny minority at the expense of investing in the majority. Is it reactionary to want higher standards in schools? We think it is wrong to allow untrained teachers to work in opt-out schools as the Government suggests. Is it reactionary to oppose the educational barbarism of national testing at 7, 11 and 14? Is it reactionary to argue that a national curriculum will only raise standards if it is backed with quality resources and sufficient qualified specialist teachers to deliver it?

I believe not.

Fred Jarvis,
Hamilton House,
Mabledon Place, WC1.

A strategy for electricity

From the General Secretary, Engineers' and Managers' Association.

Sir,—In the absence of comment from anyone else, may I respond briefly to the letters from Mr Edward Barrow (August 17) and Mr Philip M. Larkin (August 18), both of whom take it for granted that by breaking up the CEGB competition would be introduced into the generation of electricity?

At present the CEGB has a statutory duty to supply electricity efficiently and economically. Once broken up, none of the several successor companies would have any such obligation. Since electricity has to be generated, however, then in the absence of regulation these companies would hold the whip hand over any national grid organisation in determining the price. There might well be a difference between operating costs and price, as Mr Barrow suggests, but it would only operate in one direction. The price would be higher. There is no way any of the generating companies could be compelled to produce electricity at a loss.

It is an illusion to think privatisation equals competition. Nowhere in the world are generating companies in affective competition with each other, not even in America, where each has a territorial monopoly. Contrary to Mr Larkin's belief, there is no American grid system, let alone one "very like ours in purpose."

The competition theorists really should ponder the twin facts that: the price of electricity in this country stands well by international comparisons; and that there is no empirical evidence whatever which supports the theory that privatised generation has any inherent capacity to better economic performance than our own electricity supply system has produced.

John Lyons,
Station House,
Fox Lane North,
Chertsey, Surrey.

Provision of air services

From the Chief Executive, Manchester Airport

Sir,—Mr A. Lucking (August 25) in advocating a third runway at Heathrow as the solution to both air traffic congestion and the country's balance of payments deficit, neglects to consider the interests of the regional air traveller.

At present provision of air services remains highly concentrated at London airports. As only just over half total international demand, however, originates in the south east the most obvious solution to congestion problems is to allow airlines to provide services out of regional airports to cater directly for demand originating in their natural catchment areas.

While Manchester airport handled up to 15 per cent of of the UK's inclusive tour holiday market, its market share in international scheduled services, although rising, is still only 3.5 per cent. The market for both types of service is not necessarily evenly distributed throughout the UK as there is an undoubted bias toward London in both the business travel market and inbound tourism. The need to redress the latter imbalance, however, has been clearly recognised in recent tourism policies. It would not seem unreasonable, then, to achieve a situation where, based on its strong natural catchment area, Manchester handled up to 15 per cent of the United Kingdom international scheduled (business and independent leisure) travel market. The better distribution of air services would benefit the UK economy as a whole.

The report by the Air Transport Users' Committee to which Mr Lucking refers (and of which, incidentally, he is the author) greatly underestimates the demand from the region. He also fails to appreciate the reasons for Qantas routing its Manchester to Australia service through London.

In order to increase the frequency of its service from twice to three times a week, the only sensible route it could adopt under the existing licensing agreement was to fly through Heathrow. Successful long haul services to Singapore, Chicago, Hong Kong and New York (and soon to Orlando and Barbados) are also helping to reduce congestion at London airports by flying passengers direct from Manchester.

The limited response of British airlines to satisfying needs of regional consumers has led inevitably to involvement of foreign airlines seeking to satisfy these demands. Many world airlines have recognised the potential of routes from Manchester but their ability to operate these routes is severely handicapped by present international air service licensing policies which serve to protect operations out of London to the detriment of the regional consumer. Manchester Airport and the northern business community have long been urging the government to address these problems in accordance with its stated policy of supporting the Manchester hub and are now asking the Monopolies and Mergers Commission to take these licensing difficulties into account in considering the implications of any merger between BA and BCal.

Gil W. Thompson
Manchester

Melting oyster mountain

From Mr M. Berchten.

Sir,—Ah non, quand même—that is not the way to treat an oyster. Mr D. Brierley (August 27) is actually killing the poor thing and eating a frozen corpse—in fact, if the thawed out dead oyster were left too long in that state before being "dégustée," the unfortunate eater could end up with an attack of food poisoning. And also, the French food authorities forbid the sale of oysters lying agape.

As an oyster gourmand, I know it is a difficult job to open these bivalves, but may I suggest my—unfailing—remedy against gashed hands: wear rubber gloves—et voila, c'est facile—presque!

Monty Berchten,
19 Ellwood Gardens,
Garston, Watford, Herts.

FINANCIAL TIMES

Tuesday September 1 1987

Gordon Cramb on Wall Street

MTM set for a new screen test

TELEVISION viewers in the US got their standard fare of repeats this August, including one last week which was a bit special. NBC finished the final network re-run of *Hill Street Blues*, the jokey cop series which has won affection - and no fewer than 26 of the industry's craved Emmy awards - in the 146 episodes that have been shown since 1981.

The last episode opens with officer Norman Buntz accused of stealing a cocaine haul. Even among those who have not seen it before, there are this time just a few who know from the start that Buntz's protestations of innocence are correct.

They know that Buntz, once cleared, storms off to start a new career as a private investigator in a spin-off series called Beverly Hills Buntz. It is due on air later this year, and publicity will start soon.

This privileged information and more is contained in the draft prospectus for MTM Entertainment which has just landed through the letter box of the Securities and Exchange Commission in Washington. The Mary Tyler Moore company is coming to market, with an indicated value of up to $504m.

This is the production house which, starting in 1970 with the show to which the comedy actress gave her name, also went on to create Newhart, Rhoda, Lou Grant, St Elsewhere, WKRP in Cincinnati, and Remington Steele - to list just some of the series which have translated successfully to British living rooms.

The company, which is planning an initial offering of about 22 per cent of its equity, makes its series and TV movies for the big US networks, then syndicates them to local channels and 60 foreign countries.

Independent producers in Europe may have a wider role in prospect as broadcasting bureaucracies there are opened up, but few will have earned $26m in their latest year, like MTM, from revenues of nearly $160m. Indeed, some analysts see French-style TV privatisation as an opportunity to boost foreign sales of big-name US soaps and action adventure series.

However, Ms Moore (she is 50, the document lets slip) and her three business partners are bringing MTM to the stock market at a time when many remain hostile to the sector.

Initial responses last week were very guarded. This is not just because income is capriciously dependent first on decisions made by a few commissioning executives and then on the judgment of the viewing masses as measured by A.C. Neilsen and the like.

There are two further troubles. One is that the customer networks have recently been tightening budgets all round. In addition, producers who have preceded MTM in selling stakes in their companies to the public have sometimes been less than temperate in subsequent expansion ventures.

Of this bunch Lorimar-Telepictures, perpetrator of Dallas, was the one most patently too big for its Texan boots. Lorimar was forced in June to abandon its attempt to put together a network of TV stations of its own - it agreed instead to sell those which it had picked up.

In an already risky business - where companies seem able to produce anything except a dividend - Lorimar's decision to go back to basics was seen as a healthy lesson for others.

It was enough for Mr Dennis McAlpine at Oppenheimer & Co to make the stock last month the sole representative of the sector on the broker's "special research series" recommended list for non-blue chips.

Sagas of success or distress - sometimes as steamy as their programme plots - abound among TV production houses. Stock in Aaron Spelling Productions did not stay long above its launch price in an offer which came ahead of the downturn in network spending.

Or take King World Productions, shares in which have more than doubled in its year on New York's Big Board.

So will MTM's debut on the Telerate screens be an episode of Wall Street Blues? Mr McAlpine is among those who won't yet speculate and the company, unusually, is making no profit forecast at all.

The indicated pricing is a maximum $28 apiece for the 4m shares on offer, an historic multiple of around 19 times earnings. The issue, underwritten by Lazard Freres, will be brought in at a discount to previous comparable offerings.

Half of these shares are being sold by Ms Moore and her partners. She has the proceeds of that to look forward to, while her fans can await a new comedy series in which she plays a newly remarried divorcee. This wry romance, which "deals with the couple's efforts to blend their families, careers and lifestyles in Bayonne, New Jersey," is among the factors now being evaluated by the regulators of the SEC.

Rebels in Philippines unrepentant

BY ROGER MATTHEWS IN MANILA

Juan Ponce Enrile: refused to condemn rebels

ARMY OFFICERS involved in the Philippines military rebellion at the weekend and others closely associated with them were yesterday unrepentant despite being labelled by President Corazon Aquino as "murderous traitors."

Senator Juan Ponce Enrile, formerly Defence Minister under both deposed President Ferdinand Marcos and Mrs Aquino, denied any connection with the plot but refused to condemn the rebels, stating that Mrs Aquino had brought the uprising on herself by ignoring the many complaints of poorly paid and equipped soldiers.

"The smoke of battle has lifted, but not the grave crisis which besieges our land," he said. "The events of last Friday are only a symptom of our national condition."

Sen Enrile is closely linked to members of the Reform Army Movement which helped to topple Mr Marcos. He was sacked by Mrs Aquino last year after a previous military uprising.

A lieutenant-colonel interviewed on television following his surrender to loyal army troops on Saturday said that he had absolutely no regrets. "We did what we had to for the good of our country," he said.

Other officers were angry at Mrs Aquino's order to shoot the coup leaders on sight and particularly Col Gregorio Honasan who led the rebellion. "She is becoming more and more isolated and would now rather shoot than listen," said one.

In her first public appearance since the attempted coup, in which 41 people died, more than half of them civilians, Mrs Aquino said that the main aim of the rebels had been to kill her and her family.

She praised the loyal officers who had defended the Constitution, and Gen Fidel Ramos, the Chief of Staff, said that he was requesting an immediate 60 per cent pay increase for the military.

Mr Ramon Mitra, the Speaker of the House of Representatives, and senior army officers yesterday flew to the northern city of Baguio where cadets at the country's top military academy were reported to have gone on hunger strike in support of Col Honasan.

More arrests have been made in connection with the uprising, with over 800 officers and men now held on two ships in Manila Bay and more than 350 Air Force personnel detained at their headquarters.

An army divided, Page 16

David Dodwell looks at the challenge to a colony's judicial autonomy

Spycatcher tests Hong Kong courts

HONG KONG'S Sunday Morning Post appeared this weekend without the hoped-for excerpts from Mr Peter Wright's controversial book, Spycatcher.

The newspaper is still awaiting the judgment of Hong Kong's Court of Appeal, which may decide today whether or not a House of Lords ruling preventing UK newspapers from publishing extracts, should be applied in the British colony.

The case is controversial not just because of the obvious sensitivities of the British Government over Spycatcher, but also because it highlights the judicial independence of Hong Kong despite application of British common law in the territory, and the ultimate authority of Britain's Privy Council.

It has drawn attention to the fact that, in less than 10 years, Hong Kong's judiciary will be answerable not to London but to Peking.

Many in the territory are keen to see evidence of an independent judiciary as one of the critical factors underpinning the "high degree of autonomy" promised by Peking once Hong Kong becomes a special administrative region of China in 1997.

Many outside Hong Kong were shocked last week when Mr Justice Barnett overturned an injunction won by the British Government a month earlier against the publication of Spycatcher extracts in Hong Kong's leading English language Sunday newspaper.

They had taken for granted that a ruling by Britain's Law Lords would have binding authority on a court in a British colony.

Sir Denys Roberts, Hong Kong's chief justice, elaborated: "The Privy Council is our final court and we have to follow any of its decisions. The House of Lords is not our direct superior and so in theory we are not bound to follow its decisions, but in practice, because they are applying the common law, we have to follow.

"We follow the principles of the common law, but there are occasions when the considerations of fact are not the same in Hong Kong as they are in the UK.

"A judge will never fail to follow the principle but may feel that, because the facts are different, then different principles apply."

The case has drawn attention to the fact that, in less than 10 years, Hong Kong's judiciary will be answerable not to London but Peking.

Hong Kong's application of English law ordinance, enacted in 1966, says: "The common law and the rules of equity shall be in force in Hong Kong so far as they are applicable to the circumstances of Hong Kong or its inhabitants." So too, it appears, with statute law.

There are prominent examples of divergence which are due to these different circumstances. Until recently, for example, traditional Chinese laws of concubinage were allowed to override Britain's bigamy laws. The death sentence still applies in Hong Kong for certain crimes.

"A lawyer coming here from England will find that 80 per cent of his work is identical to what he does at home and the remainder is sufficiently similar for him to pick up reasonably easily," Sir Denys says.

That explains why British QCs presented more than 100 cases in Hong Kong's high courts last year and why expatriates fill more than 80 per cent of the senior posts in Hong Kong's judiciary.

Mr Justice Barnett, in overturning the Spycatcher injunction, apparently felt that the Law Lords' decision was based on a number of facts specific to circumstances in the UK which were not applicable in Hong Kong.

He said the Law Lords' ruling was intended to deprive Mr Wright of his best market, to maintain the morale of the British Security Service, to prevent forced entry of the memoirs into the UK, and to deter prior publication by newspapers in the UK. None of these arguments applied in Hong Kong.

He accepted that the British Government had a case on the grounds of Mr Wright's fiduciary duty to the Crown, but felt this was overpowered by "the particular sensitivity on the part of the Hong Kong public to any constraint on, or fettering of, the free flow of information, comment or news, having regard to the unique political situation in Hong Kong."

Whether Hong Kong's appeal court judges agree will soon be learnt. Beyond that, there is the possiblity that the Privy Council itself will be called on for final adjudication.

Whatever the outcome, the "unique political situation in Hong Kong" was an important factor behind clauses in the 1984 Sino-British joint declaration which secured judicial independence for the territory beyond 1997.

This document says that Hong Kong's courts "shall exercise judicial power independently and free from any interference." It provides the framework for Hong Kong's transition to Chinese sovereignty and is the blueprint for Chinese officials who are now drafting Hong Kong's future constitution - known as the "basic law."

The major change that gives teeth to this commitment was China's agreement to allow Hong Kong to set up its own final court of appeal inside the territory.

By 1992, this final court will replace Britain's Privy Council and will have ultimate authority over Hong Kong's courts.

Hong Kong officials say Peking has not once baulked over this major concession, although a major sticking point may be on the power of Hong Kong courts to interpret the post-1997 constitution.

By 1992, the colony's own final court of appeal will replace Britain's Privy Council and will then have the ultimate authority

"When the Supreme Court in China has an interpretation problem, it turns for advice to the National People's Congress," Sir Denys says. "That is not our process. Here we interpret the law and if the Government doesn't like the way we interpret it, then it must change the law.

"There is a potential clash of philosophies and all I can say is that it is quite a difficult question that is still under discussion."

This "potential clash of philosophies" is not so very far removed from the current Spycatcher case, since it is uncertain whether a Chinese Government, worried over potential embarrassment to its security service, would willingly grant Hong Kong's judiciary the freedom of interpretation exercised last week by Mr Justice Barnett.

He concluded last Monday that "the balance of convenience overwhelmingly comes down in favour of the Sunday Morning Post."

Post-1997, would the "balance of convenience" perhaps not lay elsewhere?

Fairfax family seeking to ward off bids

BY OUR FINANCIAL STAFF IN LONDON

JOHN FAIRFAX, Australia's second largest media group, is to receive an offer for the minority shareholdings from its founding family valuing the group at A$2.25bn (US$1.6bn).

Fairfax shares have more than doubled in recent weeks against a background of intense takeover speculation in Australia's stock markets. Yesterday the Fairfax family, which controls more than 50 per cent of John Fairfax, made clear that its move was designed to ward off potential predators.

The offer is being made through Tryart, a privately owned Fairfax family vehicle which itself has extensive media operations. If the offer is taken up, the enlarged and restructured group would be refloated on the Australian stock markets, Mr Warwick Fairfax, Tryart's chief executive, said yesterday.

The Australian media industry, which has been going through a painful process of realignment, has recently been a natural prey to takeover actvity. Earlier this year Fairfax, which publishes the Sydney Morning Herald and the Melbourne Age, itself lost a A$2.5bn bid battle for the Herald and Weekly Times group.

Having failed to gain control of HWT, which eventually became part of the Rupert Murdoch empire, John Fairfax recently turned its attention to shedding television interests. Less than two months ago it sold its three-station Channel Seven network for A$780m.

Yesterday the Fairfax board advised shareholders to take no immediate action on Tryart's offer, which is A$7.50 a share cash with a number of cash and share alternatives. Fairfax shares closed at A$8.70, up A$1.70 on the day and practically double the A$4.40 low seen earlier this year.

The Bell Group, headed by Mr Robert Holmes a Court, has a 6 per cent stake in John Fairfax while TNT, the transport group, holds some 3 per cent of the shares.

The Fairfax group runs a string of newspaper and magazines as well as radio stations. It publishes the Canberra Times and the Financial Review, the Australian business daily.

Apart from the Spectator in Britain, it runs the New Zealand Business Review and is planning a US magazine aimed at the teenage market.

Philips plans to launch CD-video in Europe

BY DAVID THOMAS IN LONDON

PHILIPS, the Dutch consumer electronics group, is planning to launch a new consumer electronics system in the UK today which it believes will substantially boost the revenues of the music, film and hardware industries.

The system, CD-video, combines on a single disc, the digital sound of compact disc with high quality video.

But some industry observers believe the system could be slow to take off and that it poses a considerable risk for Philips, the system's inventor.

CD-video players, which were shown in Europe for the first time at the Berlin consumer electronics fair last week, will go on sale in the main European countries in the autumn, priced at just under $800.

They will be able to play three sizes of CD-video discs, in addition to existing sound only compact discs: a 5-inch disc, probably costing under $8, which will allow 5 minutes of sound-and-video followed by 20 minutes of sound only; an 8-inch disc, probably costing about $16, with 20 minutes of sound-and-video on each side; and a 12-inch disc, costing more than $24, with an hour of sound-and-video on each side.

Philips believes that the 5-inch disc will allow record companies to develop the pop videos made to promote music singles into a mass market for the first time.

It also argues that the longer CD discs will increase the sales of films for replaying at home, thereby boosting the income of film companies, because consumers are more likely to collect films in disc than in videotape form.

World Weather

		°C	°F
Ajaccio	S	28	82
Algiers	F	30	86
Amsterdam	C	17	63
Athens	S	30	86
Bahrain	S	35	95
Bangkok	S	34	93
Barcelona	F	28	82
Beirut	S	31	88
Belfast	S	19	66
Belgrade	F	27	81
Berlin	R	15	59
Biarritz	F	29	84
Bombay	F	30	86
Bordeaux	S	28	82
Brussels	F	18	64
Budapest	S	24	75
B. Aires	S	16	61
Cairo	S	33	91
Cape Town	S	21	70
Caracas	-	-	-
Casablanca	S	25	77
Chicago	S	28	82
Cologne	F	18	64
Copenhagen	S	17	63
Corfu	S	30	86
Dallas	F	21	70
Dublin	[illegible]	[illegible]	[illegible]

		°C	°F
Dubrovnik	S	27	81
Edinburgh	F	16	61
Faro	C	24	75
Florence	S	31	88
Frankfurt	S	28	82
Funchal	F	25	77
Geneva	S	24	75
Gibraltar	S	27	81
Glasgow	F	19	66
Guernsey	S	20	68
Helsinki	C	12	54
H. Kong	F	31	88
Innsbruck	S	25	77
Inverness	F	17	63
Islamabad	-	-	-
Istanbul	S	27	81
Jakarta	-	-	-
Jersey	S	22	72
Jo'burg	D	24	75
Lima	-	-	-
Lisbon	F	23	73
London	C	17	63
Los Angeles	-	-	-
Luxembourg	F	20	68
Madrid	F	25	77
Majorca	[illegible]	[illegible]	[illegible]
Malaga	C	[illegible]	[illegible]

		°C	°F
Malta	F	29	84
Manchester	C	14	57
Manila	-	-	-
Melbourne	R	9	48
Mexico City	-	-	-
Miami	S	30	86
Milan	R	19	66
Montreal	C	17	63
Moscow	R	11	52
Munich	S	24	75
Nairobi	F	26	79
Naples	S	31	88
Nassau	-	-	-
New Delhi	C	34	93
New York	S	18	64
Nice	S	27	81
Nicosia	-	-	-
Oporto	C	20	68
Oslo	S	16	61
Paris	S	24	75
Peking	S	28	82
Prague	F	17	63
Reykjavik	R	9	48

		°C	°F
Rhodes	S	27	81
Rio de J'o	-	-	-
Rome	S	28	82
Salzburg	S	24	75
San Francisco	C	16	61
Seoul	R	23	73
Singapore	-	-	-
Stockholm	F	14	57
Strasbourg	S	24	75
Sydney	C	11	52
Taipei	-	-	-
Tangier	S	26	79
Tel Aviv	S	30	86
Tenerife	F	27	81
Tokyo	F	32	90
Toronto	C	17	63
Tunis	F	33	91
Valencia	S	29	84
Venice	S	26	79
Vienna	S	23	73
Warsaw	F	17	63
Washington	S	29	84
Zurich	S	23	73

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Gulf tensions heighten

Continued from Page 1

ments at face value." The Iranians were "crazy" and could attack either the Kuwaiti tankers or the naval convoys escorting them. He added, though, that the enlargement of the US naval presence in the Gulf made convoys safer.

Yesterday, the sixth and the most heavily armed American convoy yet, comprising six vessels, entered the lower Gulf without any reported incident, having passed through the Strait of Hormuz, but the timing of its arrival indicated that the flotilla had pause during the night because of the continuing Iraqi raids. It is accompanying two reflagged Kuwaiti tankers, the 79,999-ton Surf City and the 81,283-ton Chesapeake City.

In Washington, there was anger over the rupture of the de facto truce which had lasted for 42 days at a time when there were some hopeful indications that Iran might heed the UN call for a ceasefire. It was reported, though not confirmed that Mr. Richard Murphy, US Assistant Secretary for Near East Affairs, summoned Mr Nizar Hamdoon, the Iraqi Ambassador, on Saturday and expressed the Administration's displeasure over the development in strong terms.

THE LEX COLUMN

Tossing a coin for the EMS

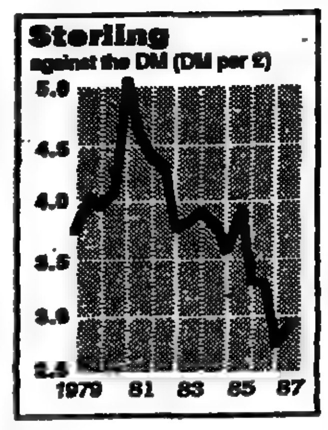
There is nothing like a forthcoming meeting of EC finance ministers to get the foreign exchange market talking about sterling's imminent entry to the European Monetary System. Towards the end of last week it was even cited as a reason for selling the pound - apparently the UK was on the verge of joining the exchange rate mechanism of the EMS overnight at a rate rather lower than was then prevailing.

As usual such rumours were rapidly proved wrong, and indeed British entry seems some way off yet. The Treasury is said to be working on a study on the EMS - a classic way of avoiding action - which will not be finished until November, and it would be odd for the UK to rush in beforehand. However, Nigel Lawson's presence at the finance ministers' meeting will provide an opportunity to put in his two penn'orth about EMS reform, and his ideas would carry more weight if he can present himself as a candidate for entry.

The EMS's problem has always been that the D-Mark's heavy weighting and continual strength has forced the other members first to intervene to support their own currencies and then to devalue. The onus is on the weak currency country to intervene and to do so by selling not the D-Mark but the dollar, unless its exchange rate has reached the limit of its range. Thus the Bundesbank has been able to keep a tight hold of its monetary policy.

That is not entirely a bad thing when Europe as a whole has been aiming to cut inflation. But at times of severe dollar weakness flows of funds into the D-Mark have put tremendous strains on the system. The prospect of a falling dollar this autumn, even the break down of February's Louvre agreement, might explain why some Europeans are opening their arms to the UK now. Having another reserve currency in the system could spread the agony rather than generate further tensions. Yet for the UK, it would seem odd to join a system, especially an unreformed one, which is just entering a difficult period.

On the other hand, since the pound is part of the Ecu and has been shadowing the EMS for the best part of this year, there is a strong argument for formalising the position. And if the UK is seriously committed to the EC, and the longer term ideal of European economic policy co-ordination, EMS membership is a step on the way.



One stumbling block to entry, aside from the Prime Minister's well known aversion to the loss of sovereignty involved, has been the fear that a tighter fix on the exchange rate would result in more volatile interest rates. Some comfort can be drawn from a Credit Suisse First Boston study which suggests that interest rates of EMS members have been less, not more volatile. The other question is at what rate the UK should join. Sterling is now a long way from the exchange rates implied by its position in the Ecu. To go in at too high a rate would make life tough for exporters, while to pick a low one would argue that the UK is not firmly committed to fighting inflation, thereby negating some of the perceived benefits of joining. No doubt all these knotty problems could be rapidly resolved if UK politicians could be persuaded of more immediate benefits - or even that a promise to join could be a bargaining tool in other EC negotiations.

Hong Kong

The Hong Kong stock market has lived uneasily for years with worries about the Colony's political future and rising protectionist sentiment. But despite the clock ticking on towards 1997, the market is revelling in its reputation as one of the world's most exciting. Over the last 12 months it is up by 86 per cent in US dollar terms, and while this performance has not quite matched the meteoric rise of some of the region's smaller and less liquid markets, it is more than double the world average and some 50 per cent better than the rise in the Japanese market over the same period.

While there is room for a near-term correction the market could well move higher. A spate of exceedingly buoyant earnings statements from several of the Colony's heavyweight institutions in recent days is underpinning this bullish conclusion. The Hongkong & Shanghai Banking Corporation, for example, digested the heavy loan losses of its US subsidiary and still reported a handsome rise in first half earnings and dividend, while other local blue-chips such as Swire Pacific, Cathay Pacific and Mr Li Kashing's Hutchison Whampoa and Cheung Kong groups have been reporting profit increases ranging from 54 per cent to 79 per cent. These sorts of earnings, when combined with the lack of any sizeable demands for new cash from the corporate sector, are fuelling the current bullish stockmarket sentiment.

The surge in corporate earnings can be easily explained by a local economy which is booming on the back of a 27 per cent real growth in exports in the first half of the year. The economy grew by 8.7 per cent last year, and although the 1987 growth forecast has been revised upwards recently to 11 per cent, this could still prove too conservative.

Unlike many of its neighbours, Hong Kong still links its currency to the US dollar, and as a result has prospered greatly from the steady slide in the fortunes of the US currency. Its huge export industries have been undercutting those of major rivals like Taiwan and Singapore.

Given the rapid rise in corporate earnings, a prospective 1987 earnings multiple of around 17 makes the Hong Kong stock market still look fair value, particularly if it is compared with the heady multiples in Tokyo. On a yield basis, too, the market compares favourably with others in the region.

However, there are already signs of overheating in the economy, and talk of labour shortages, which are beginning to crimp the growth of the local textile industry, is adding to concern that inflation may soon accelerate. For the moment, the strength of the economy is more than offsetting overseas fears about a further steep decline in the local currency. But these sorts of worries, when combined with any change in the fragile political relationships with China, could trigger a reassessment of the current bullish outlook.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday September 1 1987

EUROBONDS

Sketching a blueprint for global placement

BY ALEXANDER NICOLL IN LONDON

ON THE face of it, the typical Eurobond syndicate including banks of many nationalities might seem the blueprint for global placement of securities. But it is not.

Syndicate managers increasingly see traditional distribution mechanisms as outdated. The problem, however, is doing something about it. Although there are incipient trends toward, for example, smaller syndicates, it is easy to fall back into bad old ways.

So what is wrong with those ways?

The traditional route runs like this: a house wins a mandate from a borrower by bidding probably on over-aggressive terms; it invites in a few co-lead managers and 20 to 30 co-managers to share the risk and, in theory, place the bonds; they mostly accept either because they believe they can find investors or because they want to keep in with the lead manager; they then often sell their commitments back to the lead manager, anonymously through brokers, at whatever price the lead manager has put in a supporting bid; the whole syndicate shares any support costs.

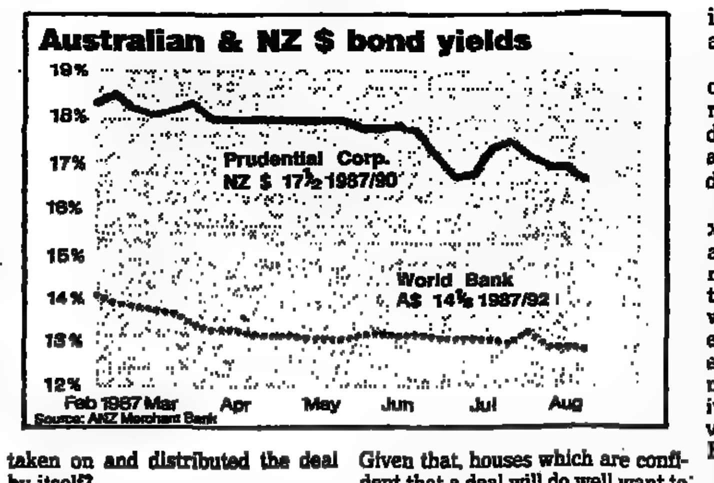
This system worked when prices were more stable and, more importantly, were going up. A lead manager could generally count on being able eventually to trade out profitably.

It still works where there is a broad retail investor base, such as recently for high coupon currencies like Australian and New Zealand dollars; each co-manager may indeed be able to find buyers for a few bonds.

But in general, the lead manager is left with a large amount of each deal. Syndication does not lead to efficient placement.

Even with a fairly priced bond such as the $300m issue for Panasonic – few wealthy Continental investors will not recognise the name – Nomura as lead manager ended up needing to find a home for more than $200m, including its original commitment of $60m.

Was it worthwhile for such a strong house to go through costly motions of syndication when it might almost as well simply have taken on and distributed the deal by itself?



Both sides of the bargain – lead managers and co-managers – have reasons for ringing the changes, directly connected with the pressure on profits caused by gross overcrowding.

Lead managers can no longer afford to put in suicide bids to borrowers. So there has been a welcome move to more reasonable pricing. Given that, houses which are confident that a deal will do well want to distribute more of it themselves. They see no reason why they should share the benefits with co-managers whose favour they have no need to cultivate.

Conversely, prospective co-managers must scrutinise terms more closely before accepting invitations. They cannot afford to sell bonds at less than the price they paid – paying to protect their relationships and league table rankings.

The emphasis nowadays must be on genuine distribution. In several recent cases, lead managers have deliberately assumed large amounts of a deal with a view to distributing it themselves.

Of the $300m convertible for Texas Instruments, Morgan Stanley and Salomon Brothers as co-lead managers took $275m between them, leaving just five co-managers with commitments of only $5m each. Few people would argue, given that the issue was hot and needed sensitive handling because it included a low coupon/low conversion price structure, novel in the Euromarkets.

Morgan Guaranty underlined its confidence in a £100m securitised mortgage issue for National Home Loans by taking £75m itself. The deal needed shepherding given the slow development of the specialised sector in the UK.

Swiss Bank Corporation International, which had done without co-managers on deals for its parent, for the first time dispensed with underwriters, offering other houses the chance to buy its $125m issue with no stigma attached to refusal.

There remain, however, powerful reasons for maintaining the co-management structure:

- Borrowers like to see a spread of prestigious houses in their tombstone advertisements.
- Inviting others in is a way of trying to ensure that there will be other market-makers seen as vital when investors are deserting Eurobonds for more liquid instruments.
- It is still seen as important to maintain relationships. You hope the co-manager will invite you into the next good deal it lead manages.

However, the message is clear. To be a lead manager, you need placement power. That means lead managements will tend to be more closely concentrated among those that have it. For the many marginal players that have felt impelled to open Eurobond operations, there is even less reason to stick around. As one manager said on Friday, "a lot of houses must have absolutely nothing to do at the moment."

Acquisition financing makes greater demand on the market

THE INTERNATIONAL loans market is in demand for yet more acquisition finance, writes Stephen Fidler in London.

The Bermuda-based Hawley Group, the international services company, which last week won agreement for a $715m bid to take over ADT of the US, the fire alarm and electric security systems' maker, is seeking $400m in a financing deal being arranged by Credit Suisse First Boston.

The company has already raised a net $388m towards the cost through the issue of convertible preference shares. Underwriters for the bank finance are expected to reply this week and general syndication should start within the week.

It is being structured as a $300m, 5-year term loan, to fund the balance of the funds needed to buy ADT, and a $100m 3-year revolving credit, which can be used in a number of ways, including possibly the refinancing of ADT's existing debt. Terms were not immediately available.

The French holding company of Italy's Ferruzzi Group, European Sugars (France), is raising Ecu200m over two years through Citicorp Investment Bank.

The loan, extendible by 12 months and to be collateralised by shares in Beghin Say, the French sugar company, carries a margin of ⅛ point. The shares are initially worth 133.3 per cent of the loan, but if this drops below 120 per cent European Sugar will supplement the collateral.

If it rises to more than 140 per cent, the excess collateral will be released.

The facility will be used partly to finance the purchase of some of CPC Corporation's European division, which Ferruzzi is buying, and partly to refinance existing bilateral lines.

Also in Ecu, Chase is raising the equivalent of L100bn (about Ecu66m) for the Istituto Regionale Finanziamento alle Industria Sicilia, the state-owned Sicilian development agency.

There is a 6-month drawdown period, with repayments starting after 2 years and ending seven years later. The margin is 10 basis points for the first 2 years and 12.5 basis points thereafter.

There is a commitment fee of 10 basis points after 90 days, while management fees range down from 7.5 basis points for a commitment of L12.5bn.

Cyprus is raising $70m in an 8-year syndicated loan led by Chase Investment Bank. The loan, with a 5-year grace period, is the republic's first borrowing in its own name since 1980, except for a £70m guarantee facility arranged by Security Pacific and Bankers Trust last year.

It carries a margin of ⅜ point for 4 years and ½ point for the remainder, and there is a commitment fee of ½ per cent.

Hoesch, the West German steel and industrial conglomerate, is arranging a $50m commercial paper programme through Deutsche Bank Capital Markets. First drawdowns are expected in September.

In the market for UK borrowers, banks awaited the mandate to emerge for a financing of up to $1bn for Guinness, the brewery and drinks group. The mandate is expected to be awarded some time over the next week.

In sterling commercial paper, Barclays de Zoete Wedd is arranging a £75m programme for Guardian Royal Exchange. It is also arranging a £75m standby credit for the same borrower, over an initial 5-year term.

BZW is also putting together a £100m, 5-year multi-option facility for Ward White Group, which will refinance existing short-term bank lines.

NM Rothschild and Son said it has arranged a £60m multi-option facility for Lynton Property and Reversionary, increased from the original £40m, with a £80m sterling commercial paper programme. The other dealer on the programme is SG Warburg.

Security Pacific to purchase 30% stake in Canadian dealer

BY NICK BUNKER IN LONDON

SECURITY PACIFIC, the California banking group, is poised to become the second foreign commercial bank to take a big stake in one of Canada's newly-deregulated stockbrokers after an agreement announced yesterday to buy 30 per cent of Burns Fry, the Toronto-based investment dealer.

The Los Angeles-based group will pay C$100m (US$75.7m) for its stake in Burns Fry, which ranks sixth in terms of shareholders' capital among Canadian securities dealers.

Part of the agreement will involve a merger between Burns Fry's New York operations and those of Hoare Govett, the London stockbroker now 83 per cent owned by Security Pacific.

The deal has been made possible by Canada's "Little Bang" on June 30, which for the first time permitted banks, insurers and other outside institutions to take 50 per cent holdings in the Canadian securities houses. From next July, they will be able to own them outright.

Relatively few buyers have yet emerged, however, with outside observers blaming this on Canadian securities dealers asking prices of three or four times book value for their businesses.

Security Pacific is making its acquisition through Security Pacific Hoare Govett, the London-based holding company, for its international securities and investment banking activities.

Mr John Lawrence, Burns Fry chairman, said the link with Security Pacific and Hoare Govett would give the Toronto firm's clients "a true, round-the-clock trading capability."

Yesterday's news means that Security Pacific beat off a rival takeover proposal for Burns Fry from Merrill Lynch Canada, an arm of the US broking house.

It also came less than three weeks after the Bank of Montreal said it was buying Nesbitt Thomson, a securities dealer.

Also since Little Bang, First National Bank of Chicago has bought 35 per cent of Wood Gundy, and Shearson Lehman, the New York investment bank, has increased its stake in McLeod, Young Weir to 30 per cent. James Capel, the London stockbroker, also now has 10 per cent of Brown Baldwin and Nisker.

Security Pacific will have an option to increase its stake in Burns Fry to 50 per cent after three years, and could raise it further after that, both parties said in Toronto. It will bolster Burns Fry's capital by making available a C$100m subordinated credit facility.

Burns Fry, owned by 477 of its 1,500 employees, is best-known for being a leader in world trading of Canadian equities, with two branches in the US and offices in London, Paris and Switzerland.

It also claims to be Canada's top research house.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	2,468.6	791.9	134.1	6,117.7
Prev	2,764.0	94.9	66.0	4,633.1
Other	1,007.7	597.1	395.0	258.1
Prev	1,919.9	19.9	120.3	473.4
Secondary Market				
US$	21,744.3	2,747.7	12,550.2	5,147.2
Prev	16,829.1	2,400.2	12,847.1	6,044.7
Other	20,287.5	1,672.0	3,872.2	15,444.2
Prev	18,168.7	1,512.8	5,038.3	12,725.7

	Cedel	Euroclear	Total
US$	12,715.5	38,984.2	51,699.7
Prev	12,479.8	32,999.2	45,479.1
Other	17,706.3	25,706.4	43,412.7
Prev	15,876.0	24,102.5	39,978.5

Week to August 27 1987 Source: AIBD

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Attractive figures could ease the nerves

SEPTEMBER COULD be a telling month for UK government bonds. If the market economists are right, a set of supportive statistics could help to repair market psychology, suggesting a modest market rally based on the view that long-term yields of 10¼ per cent represent good value.

There are clouds on the horizon, however.

Unusually for the gilt-edged market, there is an absolute certainty of new supply of long-term bonds, through the second of the Bank of England's experimental auctions. It will come while UK institutions are under significant pressure to invest their cash in the equity market, in the forthcoming £7.5bn government sale of BP shares, in rights issues and vendor placings.

Now that yield differentials with foreign markets have opened up, hopes are again high that foreign interest will be sparked. Dealers reported signs last week of Japanese nibbling and European enquiry, but foreign investors are proving notoriously shy of jumping into markets when domestic investors are clearly uncommitted.

The auction is taking place in rather different circumstances to the first, when short-dated stock was on offer and the market was in buoyant mood. Now, with £1bn of 15-year bonds expected to be sold, the Bank of England is having to live with the down-side of the auction system.

Given its commitment these days to fully fund the public sector borrowing requirement, the Bank would probably like to catch up with its funding programme. Heavy intervention in the spring to depress sterling has left the government underfunded, some estimates suggest by about £2bn.

However, if it is to supply the market from its main tap stock at current market yields, the Bank risks upsetting psychology before the auction. The implication that many would take from such a sale, particularly if it were only for a modest amount of stock, would be that the Bank viewed a reduction in yields from current levels as unlikely.

The main tap, the 8 per cent of 1991, has already been cut in price twice and was last supplied at 93½. On Friday, the stock, of which an estimated £500m is left of the original £1bn, was quoted just below 92.

The auction was initially expected to go ahead on September 16, but this would have led to worries about the publication of money supply and bank lending figures two days later. Now, however, the favoured date seems to be September 23.

The suggestion from some economists is that by then the market may have tucked a decent set of bank lending and money supply figures into its back pocket. This week's Bank returns, for example, suggest that growth in MO, the narrow measure of money supply which the government is supposed to consider important, might have slowed in August.

Growth in the year to July hit 5.3 per cent, nudging the top of its 4-6 per cent annual target, but that is now expected to fall to a more comfortable 4½ per cent for August.

Bank lending figures may also look reasonable, or at least suggest that July's £4.9bn jump was an aberration.

Mr Steven Bell, chief economist at Morgan Grenfell, thinks bank lending is running at about a £3bn monthly rate. He says that roughly £2.1bn in the July lending figure was due to special factors, about £1.1bn of which will be reversed in August.

Part of the reason is down to swings in short-term money rates, which encouraged companies to issue commercial bills in July—which count toward bank lending—rather than issue commercial paper, which does not. The yield advantages were reversed in August to favour issuance in the commercial paper market.

Also swelling the figure in July and shrinking it in August were the huge settlement delays on the stock exchange, much of which should have been reversed in a quiet August, and the British Airports Authority privatisation in July.

But the first priority for the market this month is today's current account figures for July. Economists estimates centre of a current account deficit of about £200m. If the figure is closer to £500m, then September's off to a bad start.

Stephen Fidler

US MONEY AND CREDIT

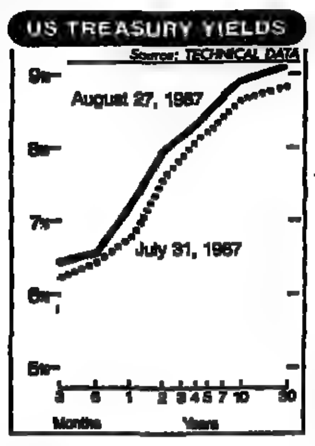
Investors stay clear of bonds

RARELY IN recent years has there been such a clear consensus on any investment subject as there appears to be today about the sheer folly of having anything to do with US bonds.

The gloom is understandable. The bond market and the dollar have just gone through one of their worst weeks on record. Any American investors stubborn enough to stick with bonds throughout the spring and summer, awaiting the "inevitable" correcting rally, would have given back all of the profits they had made in the wonderful bull market of early 1986.

To any foreigner foolish enough to have invested in the US bond market without an adequate hedge against the currency exposure the picture looks much worse. Capital gains in the bond market had provided many a fund manager, especially in Japan, with a token fig leaf to cover up the humiliation of his currency misjudgements.

US TREASURY YIELDS



But now, with US long bonds plumbing depths not seen since January, 1986, that fig leaf has wilted completely away.

For all these reasons, to say nothing of horrendous trading losses suffered by many Wall Street houses during the spring bloodbath which unleashed the current bond bear market, one can understand the common trader's gut-wrench emotional aversion to the very words "Treasury 8⅞s of '17."

But what about the economic pundits who are paid almost as much to stay aloof from the market's emotion as the traders are to wallow in it? Dr Henry Kaufman of Salomon Brothers asserts implacably that "apart from trading rallies, the bond market cannot escape the underlying upward trend in interest rates."

Mr Philip Braverman of Irving Securities begins his weekly bond report with an even more clear-cut prediction: "Prices are likely to fall further." Mr David Hale of Kemper Financial Services warns in Sunday's New York Times that the major danger to the US economy today is that "domestic savings and investment will be forced to re-equilibrate solely through rising interest rates." Business Week, as always, summarises the conventional wisdom clearly and concisely: "Long-term government bonds are once again at 9 per cent and seem likely to go higher."

To anyone of a contrarian bent—which these days means anybody trading in any financial market—a series of published statements like that must look like an irresistible invitation to sell the Hamptons beach house, pawn the Rolex, and buy bonds.

That paradoxical observation certainly suggests that the bond market is set for a technical rally, at least in the short-run. Indeed, even the gloomy Dr Kaufman holds open this possibility with his reference to interest rates rising "apart from trading rallies." But what about the infinitely more important question of the longer term trend?

According to the market's conventional wisdom the answer depends almost entirely on the performance of the dollar and the US current account. Neither of these looks very promising at present. What is sometimes overlooked, however, is that currency and trade movements are relevant only to the differentials between various countries' interest rates, not to the average level of interest rates worldwide.

It would be quit possible, in other words, to make a bullish case for the US bond market, even if the dollar continued to fall. Lower US interest rates would have to be parelled, or more likely preceded, by lower interest rates in Europe and Japan, but such a worldwide bond market rally would be quite conceivable after the huge jumps in Japanese and German interest rates since the spring.

The real precondition for such an international rally would not be a strengthening of the dollar or any other trade-related development, but evidence that the world economy was continuing to weaken and that worldwide inflationary pressures remained subdued.

At present, of course, the US bond market sees very little to cheer about on this score either. Many economists see US inflation pushing up above the 5 per cent mark and the decline in unemployment to below 6 per cent hardly suggests an economic downturn. However, it is worth remembering that unemployment is a lagging, not a leading, indicator, while the fears of inflation are closely bound up with oil prices and therefore as mercurial as the participants in the Gulf war.

Outside the oil market there has been little upward pressure on US or world inflation. And outside the labour market the strength of the US economy may be more apparent than real.

Who knows, perhaps the sudden plunge of equities on Wall Street might even be the signal for US consumers to start retrenching and set off a bond market rally. For the bond traders to have the last laugh over their chums in the equity pitches — now that would be poetic justice.

* * *

The following economic indicators are due for release this week, aling with the market's expectations as surveyed by Money Market Services of Redwood City, California.

- Leading indicators for July, due at 8.30 am on Tuesday are expected to show a rise of 0.6 per cent, with estimates ranging from 0.5 per cent to 1.1 per cent up.
- The employment report for August due at 8.30 am Friday, forecast to show unemployment unchanged at 6 per cent and non-farm payroll employment up 206,000. The estimates for unemployment range from 5.9 to 6.1 per cent and for employment gains from 170,000 to 300,000.

Anatole Kaletsky

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.92	6.70	6.60	11.34	5.71
Three-month Treasury bills	6.30	6.08	5.76	6.52	5.61
Six-month Treasury bills	6.34	6.23	6.00	6.54	3.96
Three-month prime CDs	6.90	6.78	6.76	7.03	5.46
30-day Commercial Paper	6.70	6.53	6.46	7.70	5.55
90-day Commercial Paper	6.80	6.65	6.55	6.90	5.45

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wks ago
Seven-year Treasury	95⅞	−1¼	8.82	2.58	8.40
20-year Treasury	100⅞	−1⅞	9.27	9.07	8.94
30-year Treasury	97	−2¾	9.18	8.97	8.85
New 10-year "A" Financial	n/a	n/a	9.95	9.55	9.63
New "AA" Long utility	n/a	n/a	10.30	9.95	10.00
New "AA" Long industrial	n/a	n/a	10.15	10.05	10.38

Source: Salomon Bros (estimates).

Money Supply: In the week ended August 17 M1 rose by $1.2bn to $750.7bn

NRI TOKYO BOND INDEX

December 1985 = 100	27/8/87	Average yield (%)	Last week	12 wks ago	26 wks ago
Overall	136	4.82	135.42	140.90	135.86
Government Bonds	138.33	4.31	136.47	143.31	137.01
Municipal Bonds	135.56	5.61	134.93	140.27	135.96
Government-guaranteed Bonds	136.24	5.69	135.65	141.14	136.94
Bank Debentures	132.76	[illegible]	[illegible]	135.15	131.54
Corporate Bonds	135.32	5.75	135.17	138.09	134.66
Yen-denominated Foreign Bonds	138.43	6.39	138.27	139.50	135.21
Government 10-year†	5.05	—	5.47	4.13	5.00

† Estimated par yield.

Source: Nomura Research Institute.

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN Bank 8½ 91	150	96⅝	−0¼	8.98
Aetna Life & Cas 7¾ 16	200	92¼	−0⅞	8.47
AHFC O/S Fin 11¼ 94	100	98¾	−0¼	12.00
[…]				
Ontario Hydro 11¼ 89	200	105¼	−0⅞	8.56
Ontario Hydro 11⅝ 94	200	110⅛	−0¾	9.44
Ontario Hydro 11¼ 90	200	107⅞	−0½	8.82
Ontario Hydro 13½ 91	100	112⅞	−0½	8.98
Ontario Hydro 14¾ 89	100	109¼	−0⅞	8.48
Ontario Hydro 15 92	150	122¼	−0⅝	9.19
Pacific Gas & El 12 00	75	108⅝	−0¾	10.68
Penney J C 12¾ 91	100	107	−0⅛	10.53
Pepsico Capital 8⅞ 91	100	99⅞	−0⅛	8.48
Pepsico 7⅞ 93	200	91¼	−0⅝	9.29
Petro-Canada 7¾ 96	200	85¼	−1⅛	9.83
Philip Morris 9⅞ 98	200	99⅞	−0⅞	9.96
Postipankki 11⅛ 90	75	104¾	+0⅛	8.89
Procter & Gam 10 95	150	103	−0⅞	9.44
Pru Rlty Secs 0 99	365	92⅞	−0⅛	10.40

	Issued	Bid price	Chg on week	Yield
Qantas Airways 8⅞ 96	97	92½	−0¼	9.95
Quebec Prov 13 90	150	109	−0⅞	9.57
Queensld Gvt 11⅜ 89	100	105¼	−0⅞	8.81
Ralston Purina 11¾ 95	150	106⅞	−0⅝	10.38
Reynolds R. J. 10¼ 93	100	[illegible]	[illegible]	[illegible]
[…]				

	Issued	Bid price	Chg on week	Prem
IBM 6⅜ 96	300	137	+6¾	−4.96
Rockefeller Centre 0 00	952	25¾	+0⅞	−70.13
Southwest Air 6¾ 98	35	89½	+0⅜	55.94
Swiss Bank Corpn 6¾ 90	120	124¾	−30½	−27.49
Texaco Capital 11¾ 94	500	107½	0	25.00
[…]				

CONVERTIBLE BONDS	Issued	Bid price	Chg on week	Prem
[…]				
American Bankers 5¾ 01	70	93½	−0¼	48.14
BET 6¾ 01 £	65	126⅞	+7⅞	−6.00
Canon 3 00	180	146⅛	+0½	−2.35
Citizen Watch 3 00	90	146¼	−8¼	−15.90
Eastman Kodak 6⅜ 01	300	130½	−0⅞	−0.94
Elders UK 5 97	75	128¾	−1	−15.24
Fanuc 3¾ 98	80	278½	+1⅞	−0.74
Fujitsu 3 99	180	170¾	−7⅛	−5.89
Gibraltar Savings 7½ 06	100	90¼	+0⅛	18.20
ITT 4¾ 87	50	108⅛	−1⅛	−4.16
IU Intl Corpn 6¼ 2002	75	105½	−0⅛	−15.14
Lorimar-Telepics 6 01	100	86¼	+1⅛	85.37
Newmont Mining 7 01	100	136⅛	−3⅛	−0.56
Nippon Seiko 3¾ 99	70	170¼	+1⅛	−3.96

BOND WARRANTS	Expiry date	Bid price	Chg on week	Yield
Aegon Ins 11⅛ 91	15/2/88	50	−6¼	9.57
Citicorp 8 96	1/10/88	3½	0	7.91
Credit Suisse (Panama)	13/2/92	56	−3¾	10.09
Den Norske Crd 8¼ 96	8/8/89	8½	0	8.12
Denmark 12¾ 92	31/1/90	93¾	−6¼	9.97
Finnish Exp Cr 12¾ 91	22/11/89	92½	−7½	9.93
General Elec Crd 12 94	15/11/87	20	−6¼	11.55
McDonalds 11⅛ 94	5/1/89	25	−10	10.54
Mitsubishi Fin 12⅝ 91	8/11/89	95	−6¼	9.73
Nordic Inv Bank 7⅞ 96	30/10/91	8	0	7.74
Westpac Bankg 12⅝ 92	31/1/90	92½	−7½	10.12
WeyerhaeuserC 11½ 90	15/11/87	35	+8¾	9.65

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions. FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=current coupon. CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price. WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price. Closing prices on August 28.

INTERNATIONAL COMPANIES and FINANCE

National Semi to buy Fairchild for $122m

By Anatole Kaletsky in New York

FAIRCHILD SEMICONDUCTOR, the company which first created the mass-production semiconductor chip and turned California's Silicon Valley into the centre of the world-wide electronics industry, is to be sold to National Semiconductor, another leading Silicon Valley chipmaker, for $122m.

Yesterday's deal looks like a major coup for National Semiconductor. The merger, which will create a company with annual revenues of $1.5bn, will boost National from the 11th to the sixth place among the world's semiconductor manufacturers and place it third in the US, after Motorola and Texas Instruments.

However, it is a bitter disappointment for Fairchild's management, who had been hoping to acquire the company themselves from its current disaffected owner, the French-American oil services giant, Schlumberger.

The deal also disappointed some stockmarket analysts because of the low-tag which Schlumberger and National agreed. Schlumberger acquired Fairchild for $360m eight years ago in an ill-fated attempt at diversification. It tried selling the heavily loss-making company a year ago and struck a deal worth about $200m last autumn with Fujitsu of Japan.

That sale was blocked in March by the Reagan Administration in response to the other Silicon Valley chipmakers' fears of Japanese domination.

Although Fujitsu was generally thought to have agreed a high price for Fairchild, Mr Michael Boss of Dataquest, an analyst, said he was still "very surpriced at the low price" for which the company was now being sold.

Fairchild's present management, led by Mr Don Brooks, the president, had proved themselves capable, he noted, and were successfully focusing the company on two relatively stable markets – military applications and high-performance computing. With another two years of healthy conditions in the semiconductor market now in prospect, Fairchild appeared to have a good chance of restructuring itself into a sound company, he said.

Mid-term improvement at Bayer

BY ANDREW FISHER IN FRANKFURT

BAYER, the West German chemical company, improved *group pre-tax profits by 4 per* cent to DM 1.55bn ($852m) in the first half of this year and said the final result should at least reach the level of 1986.

Volume sales were above the high level of last year and capacity utilisation at group plants was also statisfactory. In local currency terms, business was favourable in Western Europe, North America and the Far East.

Turnover, however, was nearly 7 per cent lower at DM19bn, as a result of the strong D-Mark. But the rate of decline in the second quarter of 4.6 per cent was about half that of the first three months, reflecting the stabler currency situation.

Bayer, based in Leverskusen near Cologne, said the positive trend of the first quarter had been continued in the second three months. While business in plant and animal care products was weaker, that in plastics, fibres, polyurethane, raw materials for surface coatings, inorganic pigments, and pharmaceuticals was favourable.

At parent company level, Bayer reported a 5.5 per cent improvement in the pre-tax figure to DM 870m. Turnover was 4.8 per cent lower at DM 8.7bn, of which exports accounted for 66 per cent.

Bayer is the last of Germany's three biggest chemical concerns to report its interim results. BASF reported a 3.7 per cent rise in pre-tax profits to DM 1.44bn and Hoechst a mere 1 per cent increase to DM 1.48bn.

Barclays to sell Milan unit to SocGen

BY OUR ROME CORRESPONDENT

THE ITALIAN financial services subsidiary of Barclays Bank has agreed to sell its consumer credit business, Fiditalia, to Societe Generale of France.

According to an announcement from Milan yesterday the sale will be completed by October 31. It marks an important step in Barclay's bid to restructure its Italian operations after recent heavy losses, which totalled L35bn ($27m) on financial services operations last year.

The deal will also lead to the debut of Societe Generale into the Italian consumer credit market. The French group already has leasing and financing operations in Italy, and an official said yesterday that the acquisition of Fiditalia was part of a strategic plan for developing its penetration of Italian financial markets.

"Fiditalia is a good company with good management and we are confident we shall be able to develop it," he added.

In Milan, a Barclays official said that Fiditalia had recorded a net profit of L9bn last year on a total of 92,400 consumer credit contracts worth L360bn. The company has 18 offices up and down the country employing 150 people. Barclays launched its consumer finance business in 1981.

The next phase in the bank's restructuring operation is expected to be the sale of its Bologna branch and some of its retail sales activities in Milan. Barclays revealed yesterday that it was negotiating the sale of both with the Banca Antoniana of Padua, which has 50 branches, mainly in the north of the country.

In future Barclays intends to concentrate mainly on corporate business through its branches in Milan and Rome.

VME climbs out of loss zone

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

VME, the construction equipment group jointly-owned by Volvo of Sweden and Clark Equipment of the US, achieved a pre-tax profit of $8m in the first six months of 1987 compared with a pre-tax loss of $13.15m in the whole of 1986.

Comparable figures for the first half of 1986 have not been released.

VME said that turnover in the first half of the year had risen by 12 per cent to $441m, with the main increase in sales coming from the European and Brazilian markets.

VME, which is the world's biggest manufacturer of wheel loaders and off-highway dumpers, was formed in 1985 through the merger of the Volvo BM and Clark Michigan construction equipment operations.

The group has been radically restructured in the last two years with a reduction in manufacturing capacity of 27 per cent, a 40 per cent cut in the old Clark Michigan workforce in the US and abroad, and a reduction of more than 50 per cent in its international network of importers and distributors.

VME has now used up most of its $54.5m restructuring reserve established by Volvo and Clark Equipment in 1985. In addition Clark Equipment has been forced to pump an additional $30.27m into the company to cover losses on the old Clark Michigan operations

Cadbury Australia in US deal

BY BRUCE JACQUES IN SYDNEY

CADBURY SCHWEPPES AUSTRALIA has moved to restructure the Australian confectionery industry with the acquisition of the operations in that country of the US-based Beatrice International Group for around A$100m (US$71m).

Cadbury Schweppes directors have reached agreement with TLC group, the US consortium completing a leveraged buyout of Beatrice International, to buy the Australian operations.

The Beatrice group was taken private in a US-6.2m deal early in 1986, resulting in the sale of much of the company's international operations. A number of groups including Goodman *Fielder, Nestle and Rothmans* are believed to have negotiated for the Australian operations, which include the Red Tulip chocolate and Patra orange juice brands.

Cadbury Schweppes directors said the purchase agreement was subject to TLC's contract to purchase the international operations of Beatrice proceeding to completion. Completion *date was expected to be October* 1 and the Cadbury Schweppes purchase had already been approved

Benedetti to cut stake in holding group

By John Wyles in Rome

MR CARLO DE BENEDETTI, the chairman of Olivetti and leading Italian financier, is to reduce his stake in his master holding company, Cofide, below 50 per cent following a rapprochement with his first cousin, Camillo.

According to an announcement last night, the Two men are to take sizeable shareholdings in each other's companies. Cofide's capital is to be increased to allow Mr Camillo De Benedetti's Paleocapa to take an immediate L90bn ($69m) holding. Mr Camillo De Benedetti's total investment is expected to rise to L150bn, after which he will hold 15 per cent of Cofide.

This is expected to reduce Mr Carlo De Benedetti's holding from 51 per cent to 45 per cent. He, in turn is to acquire around 15 per cent of Fineurop Gaic, Mr Camillo De Benedetti's company, *for L46bn*, Fineurop has important holdings in Pirelli and Co; Gemina, controlled by the Agnellis; and La Fondiaria.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
US DOLLARS							
Asahi Glass ¶‡	200	1992	5	3	100	Nikko Secs (Europe)	3.000
Asahi Glass (a) ¶‡	50	1992	5	3	100	Daiwa Singapore	3.000
Hawley Group (d) §‡	400	2002	15	6	100	CSFB	6.000
Sanyo-Kokusaku Pulp ¶‡	130	1992	5	3⅛	100	Nikko Secs (Europe)	3.125
Mitsubishi Cable Ind. ¶‡	100	1992	5	3¼	100	Nikko Secs (Europe)	3.250
Shimano Ind. Co. ¶‡	50	1992	5	3¼	100	Nikko Secs (Europe)	3.250
Ishihara Sangyo Kaisha ¶‡	50	1992	5	3¼	100	Nomura Int.	3.250
Nippon Denko ¶‡	70	1992	5	3¼	100	Nomura Int.	3.250
Nippon Coinco ¶‡	60	1992	5	3¼	100	Daiwa Europe	3.250
Tokyu Construction ¶‡	70	1992	5	3¼	100	Yamaichi Int. (Eur.)	3.250
Yamaha Motor ¶‡	100	1992	5	3¼	100	Nomura Int.	3.250
GITIC (China) (a) ‡	50	1992	5	8½	100½	Chemical Asia/Mitsui	8.374
International Paper §‡	200	2002	15	5¾	100	CSFB	5.750
Aoki Corp. ¶	100	1992	5	(3¼)	100	Nomura Int.	*
Tokyu Hotel Chain ¶	70	1992	5	(3¼)	100	Yamaichi Int. (Eur)	*
Nichimen Corp. ¶	100	1992	5	(3¼)	100	Daiwa Europe	*
Texas Instruments §‡	300	2002	15	2¾	100	Morgan Stanley	2.750
Merrill Lynch ‡	200	1989	2	8⅝	101	Merrill Lynch	8.064
Kinki Nippon Railway ¶	200	1994	7	(4½)	100	Nomura Int.	*
Hanwa Co. ¶	120	1992	5	(3¼)	100	Daiwa Europe	*
Hanwa Co. (a) ¶	70	1992	5	(3¼)	100	Yamaichi Int. (HK)	*
Toho Co. ¶	20	1992	5	(3¼)	100	New Japan Secs.	*
Postipankki ß‡	30	1990	3	7½	101⅜	Nomura Int.	–
Sears Roebuck ‡	250	1990	3	8½	100¾	Goldman Sachs	8.208
Wyse Technology §	75	2002	15	(5¾-6¼)	100	J.H. Schroder Wagg	*
Nisshinbo Industries ¶	150	1992	5	(3¼)	100	Nomura Int.	*
CANADIAN DOLLARS							
City of Montreal ‡	70	1990	3	10½	101¼	Bank of Montreal	9.998
AUSTRALIAN DOLLARS							
Credit Lyonnais ‡	60	1990	3	13¾	101.4	Citicorp Inv. Bank	13.156
SWISS FRANCS							
Horizon Gold Shares** §	12	1992	–	4¾	100	Banque Indosuez	4.750
Japan Organo Co.** §‡	30	1992	–	½	100	Credit Suisse	0.501
Tokyo Tatemono Co.** §‡	60	1992	–	½	100	UBS	0.501
Daiwa Kosho Lease** ¶‡	90	1992	–	1	100	UBS	1.000
Nichimen Corp.** §	100	1992	–	(⅝)	(100)	Citicorp Inv. Bank	*
Keiyo Co.** ¶	80	1992	–	(1⅛)	(100)	Bank Leu	*
KYC Machine Ind. Co.** §	30	1993	–	(⅝)	(100)	SBC	*
KYC Machine Ind. Co.** ¶	30	1992	–	(1¼)	(100)	SBC	*
Inabata & Co.** §	80	1992	–	(⅝)	(100)	SBC	*
Atsugi Nylon Ind.** §	160	1992	–	(⅝)	(100)	SBC	*
Air Canada ‡	200	2002	–	5⅛	100	SBC	5.125
Nippon Tel. & Tel. ‡	300	1997	–	4¾	100	UBS	4.750
Meisei Ind. Co.** ‡	50	1992	–	4¾	99⅞	Handelsbank N'West	4.779
NEC System Int. & Con.** §	35	1993	–	(⅝)	(100)	SBC	*
Aichi Tokei Denki Co.** ¶	30	1992	–	(1⅛)	(100)	Wirtschafts- und P'bk	*
Fuji Kiko Co.** §	20	1992	–	(⅝)	(100)	Handelsbank N'West	*
STERLING							
NHL Second Funding (b) †‡	100	2014	7	27½bp	100	Morgan Guaranty	–
NHL Second Funding** †‡	11	2014	7	(c)	100	Morgan Guaranty	–
ECUs							
GMAC ‡	100	1989	2	7½	101	UBS (Secs)	6.947
City of Vienna ‡	53	1994	7	8⅛	101½	Yamaichi Int. (Eur)	7.838
LUXEMBOURG FRANCS							
ECSC** ‡	112	1992	5	7⅛	100	Soc. Europeenne de Bqe	7.125
Credit du Nord** ‡	300	1993	5½	7⅜	100¼	Bqe Paribas (Lux)	7.303
YEN							
Marubeni Int. Fin. ß‡	5bn	1992	5	7¼	101⅞	New Japan Secs	–
New Sth Wales Treas. Corp. ‡	20bn	1992	5	5.3	100.25	Yamaichi Secs.	5.147

* Not yet priced. ‡ Final terms. ¶ With equity warrants. § Convertible. † Floating rate note. ф With gold warrants. ** Private placement. ß Currency-linked. (a) Launched in Asia. (b) 27½bp over Libor rising to 50bp after 7 years. (c) Undisclosed. (d) Convertible cumulative preference shares. Note: Yields are calculated on AIBD basis.

Rothschild holders to get first refusal on Anglo

BY RICHARD TOMKINS

SHAREHOLDERS in investment company J. Rothschild Holdings will this week hear how they are to be given first refusal on shares in Anglo Leasing, Rothschild's last operating subsidiary, which is about to be floated on the stock market.

The prospectus for the flotation will be published on Thursday. It is expected to give Anglo, an office equipment leasing company, a market capitalisation of about £55m—well over double the £23.2m at which it is currently valued in Rothschild's books.

The impact on the parent company, however, will be limited because of Anglo's relatively small size. Rothschild has a market capitalisation of over £600m.

Anglo's flotation is the last in a series of divestments which have marked Rothschild's transformation from a financial services conglomerate to something resembling an investment trust.

Anglo was incorporated in 1962 and acquired by Rothschild in 1973. The subsidiary has since grown to be one of Britain's leading office equipment lessors, with photocopying machines accounting for about 35 per cent of its business.

Its flotation is being sponsored by merchant bank S. G. Warburg, with Kitcat & Aitken as broker. Nearly £14m worth of shares will be sold initially, representing 25 per cent of Anglo's enlarged equity. About £9m worth of shares will come from Rothschild and about £5m will be new shares issued by Anglo.

The shares being sold will be placed with institutional investors, but all the stock will be available to Rothschild's shareholders and warrant holders through a clawback arrangement. Entitlement will be pro rata to existing holdings, but will be reduced to the extent that Anglo's employees take up an offer of 10 per cent of the issue.

Special arrangements have had to be made for Rothschild's many small investors who will be entitled to only trifling numbers of Anglo shares because of the disparity in size between the two companies.

These shareholders will be able to ask S. G. Warburg to sell on their behalf and receive a virtually commission-free profit. If no profit is available, the shares will go instead to the placees. Either way, small shareholders will not be out of pocket.

Unlike the computer lessors which have come to characterise the leasing sector, Anglo specialises in small-ticket leasing of office equipment — a less price-sensitive end of the market.

The prospectus will show Anglo's pre-tax profits rising at an annual compound rate of 22 per cent from £2m to £4.4m over the five years to March 1987. The shares are likely to be sold on an historic price/earnings ratio of about 11, putting them at a discount to the nearest comparable companies — Combined Lease Finance and Southern Business.

Jas Fisher up at £1.4m

Interim pre-tax profits at James Fisher and Sons, Barrow-in-Furness shipping group, improved from £1.13m to £1.42m. Directors said that despite continuing trading difficulties the shipping interests performed well by being involved in well-established specialist sectors.

Turnover in the first half of 1987 was lower at £15.47m (£16.63m) with earnings per share coming out at 3.77p (3.01p). The interim payment has been raised to 1.7p (1.65p).

The pre-tax figure was struck after lower net interest charges of £1.03m (£1.35m), reflecting, the directors said, lower borrowings.

They added that attributable profit at £897,515 (£717,717) was helped by the elimination of the major extraordinaries which had affected the results of the past two years. In the period extraordinaries were £4,509 (£298,112).

BOARD MEETINGS

TODAY

Interims: B.A.T. Industries, James Beattie, Bredero Properties, Eucalyptus Pulp Mills, Executex Clothes, Hartons, Ipeco, Macfarlane (Clansman), Pickwick, SelecTV, Squirrel Horn, Taylor Woodrow, Templeton Galbraith and Hansberger.

Finals: Automagic, G. F. Lovell.

FUTURE DATES

Interims—	
Abbeycrest	Sept 2
Bunzl	Sept 2
Burmah Oil	Sept 10
Cooper (Alan)	Sept 10
Delta	Sept 11
Elswick	Sept 14
Emess Lighting	Sept 8
M6 Cash and Carry	Sept 16
Matthews (Bernard)	Sept 16
Mersey Docks and Harbour	Sept 17
Portals	Sept 3
Quick (H. and J.)	Sept 2
Ransomes Sims and Jefferies	Sept 21
Ropner	Sept 2
Royal Dutch Petroleum	Sept 10
Savoy Hotel	Sept 8
Shell Transport and Trading	Sept 10
Steetley	Sept 28
Suter	Sept 14
Systems Reliability	Sept 11
Tavener Rutledge	Sept 10
Tesco	Sept 30
Trinity International	Sept 17
United Newspapers	Sept 24
Wayne Kerr	Sept 3
Finals—	
Armstrong Equipment	Sept 21
Bellwinch	Sept 16
Haynes Publishing	Sept 8
Jebsens Drilling	Sept 2
London Merchant Securities	Sept 8
Magnetic Materials	Sept 7
Miller and Santhouse	Sept 15
Murray Ventures	†Oct 2
Raglan Property Trust	Sept 3
Sheldon Jones	Sept 2

† Amended.

N. Brown in £1.5m mail order buy

By Fiona Thompson

N. Brown, the mail order and financial services group, has bought two direct mail order companies, Hartingdon House and Aldrex for £1.5m.

Hartingdon House sells clothing, garden and household products by mail order catalogue. Sales for the 18 months ending March 31, 1987 were £8m with pre-tax profits of £125,000. The £1m purchase price was made up of 94,100 new Brown shares and £250,000 in cash. More may be paid subject to pre-tax profits for the 17 months to August 27, 1988 exceeding £250,000.

Aldrex sells corsetry, lingerie and dresses through its mail order catalogue and has been bought for £475,000 and the issue of 30,000 new Brown shares and £237,000 in cash.

F.T. Share Information

The following securities have been added to the Share Information Service:

Central Capital Ltd. A shares (Section: Canadians). Cook (D. C.) (Motors). Crosby (James) (Buildings). Gibbs & Dandy Ord. shares (Buildings). Graham Motor (Motors). Honorbilt (Third Market). Kentish Property (Property). Montedison ADR (Chemicals).

Over 90% acceptances for FKI bid forecast

By David Waller

NM Rothschild, advisers to FKI Electricals in its agreed £416m bid for Babcock, yesterday predicted that the level of acceptances for the offer would exceed 90 per cent.

On Saturday, it was confirmed that the bid had gone unconditional as to acceptances with the support of 88.6 per cent of Babcock shareholders. If the level of acceptances is more than 90 per cent after further counting over the weekend, FKI will be able to make a compulsory purchase of all the outstanding shares.

Some 90 per cent of the acceptances received were for the cash offer of 310p, 16p above Babcock's closing price of 294p on Friday evening. The remaining shareholders accepted the share offer, worth 282.2p with FKI at 166p.

Mr Tony Gartland, currently chief executive of FKI, is to become chief executive of the enlarged company. Lord King, a non-executive director of Babcock, will become chairman. Mr Christopher Taylor, finance director of Babcock, will be finance director of the new company.

Dalgety £11m sale

DALGETY, the food, agribusiness and commodities group, yesterday sold its Australian air-conditioning, gas-heating and hot-water system subsidiary for A$16.5m (£11m).

The sale of Bonaire-Pyrox to a subsidiary of BHP is the latest in a series of disposals of non-core businesses.

Simon Holberton on Chloride, which today returns to the dividend list

The batteries get a recharge

Chloride, the battery maker, was a company which spent so much time on its knees that it almost forgot how to stand up. It is re-learning how to do that and, if management succeeds, it may well jump the stage of walking and begin to run.

A new corporate strategy has set big goals, such as the achievement of £1bn of sales in five years time. It is an ambitious target, considering the company produced sales of £278.4m for the 1986-87 year, but reflective of the "think big and be aggressive" attitude of senior management.

The success of this target, and the growth in profitability which it implies, depends on Chloride becoming not only one of the biggest battery companies in the world, but a significant player in the production of electrical power units for consumer durables and computers.

If successful, Chloride would have a large presence not only in the UK and Europe, but in the US and Japan as well. It would also place the company in a strong position to exploit the possible riches of its advanced Beta battery, now under development, in the automotive and electricity generation industries.

Since December last year, Chloride has had a new chief executive. He is Mr Kent Price, a former senior executive with Citicorp, the American bank. As a banker, he says, he wrestled with the idea of "the decline of the industrial West." With his move to Chloride he is in a position to do something about it.

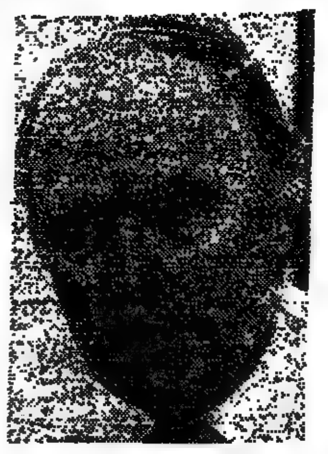
It was under the energetic leadership of Sir Michael Edwardes in the early 1970s that the company gained a high City profile (and Sir Michael a Young Businessman of the Year award). But when he left to take over management at British Leyland, Chloride seemed to fall apart. Profit performance became erratic and gearing high. Over the past 10 years Chloride has generated a negative cash flow of £100m and for the past seven it has failed to pay a dividend to ordinary shareholders.

At the heart of the problem, say critics, was a lack of firm management control. Strikes interrupted production and productivity was poor.

"Benign neglect" is how one company executive describes management performance in the early 1980s and he illustrates this with the example of the Powersafe battery — today one of the leading products in the Chloride constellation — which was developed in conjunction with British Telecom to provide standby power. Not much thought, he says, was given to producing the battery in Europe because senior management perceived it as a UK product. Today, Powersafe generates more than £16m in sales, half of which are exports.

These problems were exacerbated by the recession of the early 1980s when Chloride failed to restructure to remain competitive. Instead it embarked on assets sales to stay afloat, disposing of companies which had been acquired in the early 1970s as part of a diversification programme — such as manufacturers of smoke detectors and burglar alarms. But perhaps the most dramatic was its sale to Dunlop Olympic of Australia of its operations in the US, Canada, Mexico, Australia and New Zealand, equal to fully one quarter of its foreign interests, for £35.5m.

But there are signs that the corner may have been turned following the return of Sir Michael Edwardes as executive chairman in early 1986 and the introduction of sweeping changes in management structure and objectives. Today Chloride will reach a symbolically important milestone — a return to the dividend list. This follows the conversion of its outstanding preference shares — on which a backlog of dividends had accumulated — to ordinary shares. And it has also been made possible by the company's attainment of pre-tax profits of £17m in the past year (compared to £500,000 previously) and a positve cash flow.



Mr Kent Price, chief executive of Chloride

The Edwardes plan — as refined by Mr Price since his arrival has been to change the company from one which was basically a loose confederation of operating units to one which is centrally guided. Head office has taken on a strategic planning role and a management information system has been introduced so executives know how their products rate in the market.

The new strategy requires managers to market their products on a global rather than a geographical basis. Management across the whole range of Chloride's businesses is also being asked to consider whether Chloride should export, or produce its products in local markets, and whether it should enter into "original equipment manufacture" arrangements with South Korean companies, amongst others, or, indeed, get out of a business altogether.

The new attitude is neatly summed up by Mr Price: "We are in the business to sell things which we may or may not make; whereas this company used to be in the business of making things which it may or may not have sold."

A sign of this new assertiveness came in July with the announcement of the reorganisation its assets in Asia (primarily India). This will release more than £18m in cash and leave Chloride with majority ownership of a company to be listed (probably) on the Singapore Stock Exchange. This move has enabled it to realise part of its investment in India —a country that has always been profitable but, because of Indian company and taxation law, was not always one that delivered a lot of cash.

But there are limits to such restructurings and the achievement of economies in existing businesses. What of the growth potential of the company's businesses? Chloride finds itself in a dominant position in slow moving mature markets, while hopeful of exploiting proprietary battery technologies, and wanting to be a world class player in the electrical supply unit market.

About 75 per cent of the company's UK turnover is still derived from batteries—automotive, standby, and motive power—where, with the exception of standby power, it sees little potential for market growth with tarditional products.

The Beta battery, which Chloride has been struggling to develop to the commercial stage, is the company's great hope in the battery business. It offers, in theory, a vastly greater storage capacity than tradition lead-acid products. According to Mr Price it has the potential to turn the industrial battery market from a $1.5bn a year business to a $100bn a year business through its application in the car industry and the electric power industry for load levelling.

Another area of potential growth is the electrical power supply units for the consumer durables and computer industries. A Chloride survey found that although the industry produced sales of about $12bn, its biggest company had sales of only $400m. "This industry is going through a shakeout in the next five year," claims Mr Price, "and are we going to be a shaker or shakee?"

That latter comment could well apply to Chloride itself. On the back of its latest results it has launched a new image; No longer is it a battery company, but an electrical energy company, it says. It has set the agenda; the market waits for results.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*BAT Inds	Sept 2	Interim 5.5
*BICC	Sept 9	Interim 3.5
BTR	Sept 10	Interim 3.5
*Bank of Scotland	Sept 2	Interim 6.0
*Blue Circle	Sept 4	Interim 6.0§
Booker	Sept 9	Interim 4.75
*Bowater Inds	Sept 8	Interim 4.0
British Aerospace	Sept 10	Interim 6.4
*Burmah Oil	Sept 10	Interim 4.5
*Cadbury Schweppes	Sept 3	Interim 1.8
Coats Viyella	Sept 24	Interim 4.5§
*Cons Gold	Sept 15	Final 16.0
*Costain	Sept 18	Interim 7.0§
Dalgety	Sept 15	Final 7.5
Fisons	Sept 16	Interim 2.55§
Freemans	Sept 22	Interim 2.7§
General Mining	Sept 11	Interim 80c
*Guardian Ryl Exchange	Sept 2	Interim 10.0
*Hillsdown	Sept 2	Interim 1.4§
*Ibstock Johnsen	Sept 8	Interim 1.7§
Inchcape	Sept 29	Interim 7.15
*P & O	Sept 9	Interim 7.5
NEI	Sept 30	Interim 1.65
*Prudential	Sept 9	Interim 10.0
RMC	Sept 25	Interim 5.0§
RTZ	Sept 18	Interim 7.0
Reckitt and Colman	Sept 17	Interim 6.75
*Rolls-Royce	Sept 10	Interim due
*Rowntree	Sept 10	Interim 4.4
Rugby Portland Cement	Sept 29	Interim 3.1
*Sedgwick	Sept 4	Interim 4.0
*Shell Transport	Sept 10	Interim 12.8
Simon Eng	Sept 15	Interim 2.7
Stewart Wrightson	Sept 16	Interim 4.2
*Sun Alliance	Sept 2	Interim 7.5
Sun Life	Sept 17	Interim 10.4
Tarmac	Sept 22	Interim 2.45¶
*Taylor Woodrow	Sept 1	Interim 2.25
*Turner and Newall	Sept 9	Interim 2.5
*United Biscuits	Sept 16	Interim 3.5
*United Newspapers	Sept 24	Interim 6.0
Vickers	Sept 25	Interim 6.0§
*Wms Hldgs	Sept 2	Interim 5.0
*Wimpey (George)	Sept 9	Interim 1.0
Woolworth	Sept 17	Interim 5.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	90	7	16	262	259	50
Corporations, Dom. and Foreign Bonds	17	1	38	54	50	176
Industrials	506	317	753	2,793	1,761	3,526
Financial and Props.	227	91	290	966	700	1,374
Oils	28	32	55	160	151	264
Plantations	2	5	7	17	11	42
Mines	36	65	91	281	236	433
Others	38	128	98	366	462	518
Totals	944	644	1,348	4,899	3,624	6,183

FINANCIAL TIMES STOCK INDICES

	August 28	August 27	August 26	August 25	August 24	August 21	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.05	84.96	84.94	85.29	85.55	85.23	93.32	84.49	127.4	49.18
Fixed Interest	92.58	92.77	92.27	92.29	92.19	92.48	99.12	90.23	150.4	50.53
Ordinary	1759.8	1755.1	1758.2	1768.5	1752.1	1727.2	1926.2	1320.2	1926.2	49.4
Gold Mines	431.5	435.6	431.2	424.2	416.5	418.8	497.5	288.2	734.7	43.5
FT-Act All Share	1146.69	1143.98	1145.30	1144.71	1134.37	1125.31	1238.57	835.48	1238.57	61.92
FT-SE 100	2249.7	2245.8	2249.6	2248.1	2225.1	2205.8	2443.4	1674.5	2443.4	986.9

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Negative outlook for dollar

THE DOLLAR had a slightly weaker tone in Europe and New York yesterday, but there was no sign of further central bank intervention.

There were rumours the Bank of Japan bought a small amount of dollars around Y142.20 in Tokyo, but this could not be confirmed.

The outlook for the US currency remained negative, according to dealers, amid expectations that the US trade and budget deficits will lead to an attack on DM1.80 *later this week.*

On the other hand renewed tension in the Middle East provided background support, and it was also suggested that co-ordinated intervention on Friday by European *central banks put a temporary* floor under the dollar.

Trading was thin and nervous, with London and Hong Kong closed for public holidays.

Attacks on Iranian shipping by Iraq, and a report that an Iranian gunboat fired on a Kuwaiti cargo ship added to the uncertain mood in the market.

The dollar closed in Frankfurt at DM1.8095, compared with DM1.8150 on Friday, and DM1.8110 before the weekend in London. Earlier in the day the West German Bundesbank did not intervene when the dollar was fixed at *DM1.8152,* compared with DM1.8204 on Friday. This was the lowest fixing level since June 12.

In terms of the yen, the dollar finished at Y141.95 in Frankfurt, against Y142.35 earlier in Tokyo, *and Y141.95 in London on Friday.*

In Paris the dollar fell to FFr6.0550, from FFr6.0625, but was up from Friday's London close of FFr6.0475. The US currency was fixed lower at FFr6.0650 at FFr6.0650, against FFr6.0815 previously, but little changed from the opening level of FFr6.06. There was no sign of Bank of France intervention when *the* D-Mark was fixed at FFr3.3430, compared with FFr3.3405.

Sterling was *steady, remaining* on the sidelines, with London closed. It finished in Frankfurt at $1.6335, and at DM2.9575, unchanged from Friday's close in London. Earlier the pound was fixed at DM2.9590 in Frankfurt, against DM2.9600 on Friday.

Attention today will focus on the UK trade and current account figures for July, which are expected to show deficits of about £800m and £200m respectively.

£ IN NEW YORK

Aug. 28	Close	Previous Close
£ Spot	1.6320-1.6330	1.6295-1.6305
1 month	0.39-0.38 pm	0.39-0.38 pm
3 months	1.31-1.28 pm	1.30-1.27 pm
12 months	4.59-4.57 pm	4.57-4.55 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Aug 28	Previous
8.30	am	72.3	72.1
9.00	am	72.3	72.2
10.00	am	72.4	72.2
11.00	am	72.4	72.2
Noon		72.4	72.2
1.00	pm	72.4	72.2
2.00	pm	72.3	72.2
3.00	pm	72.4	72.2
4.00	pm	72.5	72.3

CURRENCY RATES

Aug. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79235	0.701159
U.S. Dollar	5.5	1.2881	1.13938
Canadian $	8.75	*	1.50512
Austrian Sch.	4	16.4752	14.5875
Belgian Franc	7¾	48.7588	43.0459
Danish Krone	7	9.01372	7.97568
Deutsche Mark	3.0	2.3449	2.07140
Neth. Guilder	4½	2.64453	2.33424
French Franc	9½	7.8338	6.91913
Italian Lira	12	1698.14	1500.57
Japanese Yen	2½	182.27	162.818
Norway Krone	8	8.56737	7.61108
Spanish Peseta	—	N/A	139.119
Swedish Krona	7½	N/A	7.28066
Swiss Franc	3.5	*	1.70736
Greek Drach.	20½	178.018	157.873
Irish Punt	—	0.88059	0.778852

*C$/SDR rate for Aug. 27; 1.69789.

CURRENCY MOVEMENTS

Aug. 28	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.5	−21.0
U.S. Dollar	101.1	−6.1
Canadian Dollar	78.5	−10.0
Austrian Schilling	137.5	N/A
Belgian Franc	99.7	N/A
Danish Krone	91.0	N/A
Deutsche Mark	146.7	+21.6
Swiss Franc	173.7	N/A
Guilder	134.9	N/A
French Franc	71.4	−13.1
Lira	47.1	−18.3
Yen	229.9	+66.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Aug. 28	£	$
Argentina	3.6245-3.6410	2.2265-2.2350
Australia	2.2855-2.2885	1.4055-1.40658
Brazil	77.9100-78.3500	47.8510-48.0900
Finland	7.1510-7.1715	4.4040-4.4060
Greece	222.75-226.30	136.65-138.85
Hong Kong	12.7100-12.7240	7.8075-7.8085
Iran	115.90*	71.35*
Korea(Sth)	1310.30-1322.15	804.30-810.90
Kuwait	0.45700-0.45770	0.28125-0.28140
Luxembourg	61.55-61.65	37.65-37.75
Malaysia	4.0940-4.1025	2.5150-2.5175
Mexico	2420.85-2428.85	1487.00-1491.00
N. Zealand	2.6900-2.6950	1.6545-1.6560
Saudi Ar.	6.0955-6.1005	3.7500-3.7505
Singapore	3.4275-3.4340	2.1055-2.1070
S. Af. (Cm)	3.3070-3.3225	1.9980-2.0430
S. Af. (Fn)	5.6070-5.8070	3.4485-3.5715
Taiwan	49.00-49.25	30.05-30.15
U.A.E.	5.9695-5.9750	3.6725-3.6735

*Selling rate.

Correction for August 26, Australia £2.2670-2.2710.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6335	1.6298	1.6208	1.6093	1.5905
D-mark	2.9575	2.9434	2.9113	2.8674	2.7837
French Fr.	9.8800	9.8643	9.8279	9.7999	9.7459
Swiss Fr.	2.4375	2.4253	2.3982	2.3600	2.2840
Yen	232.00	230.86	228.38	224.86	218.81

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0459	+1.38	+0.80	±1.5344
Danish Krone	7.85212	7.97568	+1.57	+0.99	±1.6404
German D-Mark	2.05853	2.07140	+0.63	+0.05	±1.0981
French Franc	6.90403	6.91913	+0.22	−0.36	±1.3674
Dutch Guilder	2.31943	2.33414	+0.63	+0.05	±1.5012
Irish Punt	0.768411	0.778852	+1.36	+0.78	±1.6684
Italian Lira	1483.58	1500.57	+1.15	+1.12	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 28	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.634	2.958	232.0	9.880	2.438	3.333	2140.	2.156	61.60
$	0.612	1.	1.811	142.0	6.048	1.493	2.040	1310.	1.320	37.70
DM	0.338	0.552	1.	78.44	3.341	0.824	1.127	723.6	0.729	20.83
YEN	4.310	7.041	12.75	1000.	42.59	10.51	14.36	9224.	9.291	265.5
F Fr.	1.012	1.653	2.993	234.8	10.	2.467	3.373	2166.	2.182	62.35
S Fr.	0.410	0.670	1.213	95.18	4.053	1.	1.367	877.9	0.884	25.27
H Fl.	0.300	0.490	0.887	69.62	2.965	0.731	1.	642.2	0.647	18.48
Lira	0.467	0.763	1.382	108.4	4.617	1.139	1.557	1000.	1.007	28.79
C $	0.464	0.758	1.372	107.6	4.584	1.131	1.546	992.9	1.	28.58
B Fr.	1.623	2.652	4.801	376.6	16.04	3.957	5.410	3474.	3.499	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

EURO-CURRENCY INTEREST RATES

Aug. 28	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9½-9⅜	9½-9¼	10-9⅞	10⅛-10⅛	10⅜-10¼	11-10⅞
U.S. Dollar	6 13/16-6 11/16	6 13/16-6 11/16	7⅛-7	7⅜-7¼	7½-7⅜	7 13/16-7 11/16
Can. Dollar	9⅛-8⅞	9⅛-8⅞	9⅛-8⅞	9⅛-9	9⅜-9¼	10-9⅞
D. Guilder	5-4⅞	5⅛-5	5⅜-5¼	5⅜-5¼	5⅝-5½	5⅝-5½
Sw. Franc	2⅝-2½	2⅝-2½	3 13/16-3 11/16	3¾-3⅝	4-3⅞	4⅛-3 15/16
Deutschmark	4⅛-4¼	4-3⅞	4-3⅞	4⅛-3 15/16	4¼-4⅛	4⅜-4¼
Fr. Franc	7⅜-7¼	7⅜-7¼	7 13/16-7 11/16	8⅛-8	8 13/16-8 11/16	9⅜-9¼
Italian Lira	12-10	13½-11½	14½-13½	14⅛-13⅛	13⅛-12⅛	13-12⅛
B. Fr. (Fin.)	6⅝-6⅜	6⅝-6⅜	6⅝-6⅜	6⅞-6⅝	7⅛-7	7⅜-7¼
B. Fr. (Con.)	6½-6	6½-6¼	6⅞-6⅝	7-6⅞	7¼-6⅞	7½-7¼
Yen	3⅝-3½	3 13/16-3⅝	4-3 13/16	4⅛-3 15/16	4⅛-4⅛	4⅜-4¼
D. Krone	9⅞-9⅝	10¼-9⅞	10¼-9⅞	10⅜-10	10½-10¼	10⅞-10⅝
Asian $Sing.	6⅞-6¾	6⅞-6¾	7⅛-6 15/16	7¼-7⅛	7⅜-7¼	7 13/16-7 11/16

Long-term Eurodollars: Two years 8 3/16-8 1/16 per cent; three years 9⅛-8⅞ per cent; four years 9⅛-9⅛ per cent; five years 9⅜-9⅛ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT—FORWARD AGAINST THE POUND

August 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6250-1.6340	1.6330-1.6340	0.39-0.36c pm	2.75	1.30-1.25 pm	3.12
Canada	2.1415-2.1560	2.1550-2.1560	0.14-0.05c pm	0.53	0.62-0.49 pm	1.05
Netherlands	3.32¼-3.33¾	3.32¾-3.33¾	1⅝-1½c pm	4.50	4⅝-4 pm	4.95
Belgium	61.26-61.65	61.55-61.65	19-15c pm	3.31	59-51 pm	3.57
Denmark	11.35¼-11.40¾	11.39¾-11.40¾	¼ pm ¾ore dis	-0.13	¼pm-¾dis	0.02
Ireland	1.1095-1.1145	1.1095-1.1105	0.10-par pm	0.54	0.15 par pm	0.27
W. Germany	2.94¾-2.96¼	2.95¼-2.96¼	1½-1¼pf pm	5.58	4¼-4½ pm	6.26
Portugal	231.10-234.00	233.00-234.00	83-136c dis	-5.63	239-328dis	-4.86
Spain	198.13-199.30	199.00-199.30	86-118c dis	-6.15	197-246 dis	-4.45
Italy	2138¼-2146¼	2139½-2140½	5-8lire dis	-3.64	16-21dis	-3.46
Norway	10.84½-10.91¼	10.90-10.91	3⅝-4ore dis	-3.99	10-10¼dis	-3.81
France	9.85½-9.90½	9.87½-9.88½	1⅝-1⅛c pm	1.82	5⅝-4⅞pm	2.15
Sweden	10.36¾-10.42	10.41-10.42	1-¼ore pm	0.86	3-2¼pm	1.01
Japan	230½-232½	231½-232½	1⅛-1y pm	5.82	3⅝-3⅜pm	6.25
Austria	20.73-20.85	20.82-20.85	10⅛-8⅞gro pm	5.47	31¼-28⅞pm	5.77
Switzerland	2.42⅞-2.44⅛	2.43¾-2.44¾	1⅝-1⅛ c pm	6.15	4⅝-3⅞ pm	6.46

Belgian rate is for convertible francs. Financial franc 61.95-62.05. Six-month forward dollar 2.45-2.40 c pm. 12-month 4.35-4.25 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Aug. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6230-1.6340	1.6330-1.6340	0.39-0.36c pm	2.75	1.30-1.25pm	3.12
Ireland†	1.4585-1.4740	1.4655-1.4665	0.26-0.21c pm	1.93	0.91-0.80 pm	2.34
Canada	1.3162-1.3215	1.3190-1.3200	0.23-0.26c dis	−2.23	0.68-0.71 dis	−2.11
Netherlands	2.0355-2.0545	2.0395-2.0405	0.32-0.29c pm	1.79	0.95-0.91pm	1.82
Belgium	37.56-37.88	37.65-37.75	2.5-1 pm	0.56	6.00-3.00pm	0.48
Denmark	6.96½-7.02	6.97¾-6.98¼	0.90-1.40ore dis	−1.97	3.95-4.45 dis	−2.40
W. Germany	1.8050-1.8250	1.8105-1.8115	0.46-0.43pf pm	2.94	1.45-1.40pm	3.14
Portugal	142¼-143¼	142¾-143	80-120c dis	−8.39	250-320 dis	−7.97
Spain	121.48-122.55	121.90-122.00	95-115c dis	−10.24	230-265dis	−8.05
Italy	1309-1320	1309¾-1310¼	6.50-7.50lire dis	−6.38	20.50-22.50dis	−6.53
Norway	6.64¼-6.69¾	6.67¼-6.67¾	3.70-3.90ore dis	−6.84	11.40-11.70dis	−6.95
France	6.04-6.09	6.04½-6.05	0.42-0.52c dis	−0.93	1.35-1.65 dis	−0.99
Sweden	6.35½-6.40¼	6.37¼-6.37¾	1.00-1.20ore dis	−1.99	3.20-3.50 dis	−2.02
Japan	141.25-143.30	141.90-142.00	0.39-0.37y pm	3.20	1.14-1.09 pm	2.23
Austria	12.70¾-12.81½	12.76-12.76½	3.10-2.70gro pm	2.73	9.25-8.25 pm	2.75
Switzerland	1.4865-1.5030	1.4920-1.4930	0.42-0.39c pm	3.24	1.28-1.23 pm	3.35

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.90-38.00.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept.	Calls—Last Dec.	Puts—Last Sept.	Puts—Last Dec.
108	6.34	7.10	0.36	1.06
110	4.61	5.46	0.63	1.42
112	3.33	4.30	1.35	2.26
114	2.24	3.25	2.26	3.21
116	1.34	2.32	3.36	4.28
118	0.61	1.51	4.63	5.47
120	0.34	1.16	6.36	7.12
122	0.20	—	8.22	—

Estimated volume total, Calls 1,903 Puts 756
Previous day's open int: Calls 14,788 Puts 12,746

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept.	Calls—Last Dec.	Puts—Last Sept.	Puts—Last Dec.
80	6.28	—	0.20	—
82	4.50	4.32	0.42	1.16
84	3.23	3.16	1.15	2.00
86	2.02	2.16	1.58	3.00
88	1.02	1.31	2.58	4.15
90	0.27	0.60	4.19	5.44
92	0.14	0.36	6.06	7.20
94	0.06	0.21	7.62	9.05

Estimated volume total, Calls 145 Puts 63
Previous day's open int: Calls 429 Puts 215

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Puts—Last Aug.	Puts—Last Sept.
22750	3.80	8.48	7.40	7.83
23000	2.93	7.30	9.03	9.15
23250	2.21	6.24	10.81	10.59
23500	1.64	5.30	12.74	12.15
23750	1.20	4.47	14.80	13.82
24000	0.86	3.75	16.96	15.60
24250	0.60	3.11	19.20	17.46
24500	0.41	2.57	21.51	19.42

Estimated volume total, Calls 7 Puts 2
Previous day's open int: Calls 303 Puts 205

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Sept.	Oct.	Nov.	Dec.	Puts—Last Sept.	Oct.	Nov.	Dec.
1.45	18.05	18.05	18.05	18.05	0.00	0.00	0.01	0.02
1.50	13.05	13.05	13.05	13.05	0.00	0.02	0.13	0.24
1.55	8050	8.05	8.05	8.05	0.00	0.13	0.57	0.66
1.60	3.10	3.35	3.90	3.70	0.25	0.98	1.94	2.14
1.65	0.38	0.95	1.59	1.49	2.51	3.56	4.63	4.99
1.70	0.01	0.14	—	0.46	7.14	7.77	—	8.90
1.75	0.00	—	—	0.11	12.13	—	—	13.55

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 0

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Sept.	Oct.	Nov.	Dec.	Puts—Last Sept.	Oct.	Nov.	Dec.
1.45	12.70	—	—	12.90	1.50	—	—	2.70
1.50	12.40	12.40	12.40	12.40	0.20	0.50	0.35	0.50
1.55	7.40	7.40	7.40	7.40	0.20	0.50	0.80	1.20
1.60	2.65	3.05	3.45	3.95	0.60	1.50	2.20	2.90
1.65	0.50	0.95	1.30	1.70	3.40	4.40	5.15	5.30
1.70	0.20	0.40	0.55	0.85	8.20	8.80	9.25	9.80
1.75	0.50	—	—	1.20	15.30	—	—	16.50

Previous day's open int: Calls 930 Puts 158
Volume: 47

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Sept.	Oct.	Nov.	Dec.	Puts—Last Sept.	Oct.	Nov.	Dec.
1.500	13.10	13.10	13.10	13.10	—	—	0.05	0.15
1.525	10.60	10.60	10.60	10.60	—	0.05	0.10	0.35
1.550	8.25	8.25	8.25	8.25	—	0.10	0.35	0.75
1.575	5.75	5.75	5.90	6.05	—	0.35	0.80	1.35
1.600	3.25	3.60	4.00	4.25	0.20	0.85	1.55	2.05
1.625	1.35	2.05	2.40	2.80	0.70	1.80	—	3.20
1.650	0.40	1.15	1.55	1.90	2.05	3.25	4.05	4.75

Previous day's open int: Calls 148,016 Puts 140,211
Previous day's volume: Calls 300 Puts 424

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.50	1.19	0.73	0.63	0.65	0.00	0.13	0.38	0.67
91.75	0.94	0.55	0.50	0.52	0.00	0.20	0.50	0.79
92.00	0.69	0.39	0.38	0.41	0.00	0.29	0.63	0.93
92.25	0.44	0.25	0.27	0.32	0.00	0.40	0.77	1.09
92.50	0.23	0.16	0.19	0.24	0.04	0.56	0.94	1.26
92.75	0.08	0.09	0.13	0.17	0.14	0.74	1.13	1.44
93.00	0.01	0.05	0.08	0.12	0.32	0.95	1.33	1.64

Previous day's open int: Calls 2,297 Puts 2,905
Estimated volume, Calls 25 Puts 150

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	113-27	114-00	113-20	113-19
Dec.	113-31	114-05	113-24	113-24
March	114-02	—	—	113-27

Estimated volume 12,484 (22,595)
Previous day's open int. 33,472 (31,712)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sept.	106.30	106.50	106.20	—
Dec.	105.60	105.85	105.30	—

Estimated Volume 454 (578)
Previous day's open int. 526 (549)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	89.38	89.42	89.38	89.38
Dec.	89.20	89.22	89.17	89.16
March	89.31	89.31	89.30	89.28
June	89.36	89.36	89.33	89.33
Sept.	89.25	—	—	89.20
Dec.	89.25	—	—	89.20

Estimated Volume 2,534 (3,681)
Previous day's open int. 36,882 (37,175)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	223.90	224.80	223.50	223.45
Dec.	228.15	228.50	228.00	227.40

Estimated volume 1,314 (1,389)
Previous day's open int. 6,955 (6,852)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.69	92.79	92.67	92.81
Dec.	92.10	92.23	92.08	92.23
March	91.75	91.87	91.74	91.91
June	91.48	91.59	91.50	91.63
Sept.	91.23	91.33	91.27	91.39
Dec.	91.01	—	—	91.17
Mar.	90.81	—	—	90.97
June	90.61	—	—	90.77

Estimated volume 8,990 (7,060)
Previous day's open int. 32,610 (33,980)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	87-00	88-10	87-00	88-14
Dec.	86-04	87-11	86-08	87-17
Mar.	85-08	—	—	86-21

Estimated Volume 9,386 (8,741)
Previous day's open int. 6,153 (6,143)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	87-12	88-05	87-03	88-00
Dec.	86-13	87-07	86-05	87-02
Mar.	85-16	86-10	85-09	86-05
June	84-21	85-15	84-15	85-10
Sep.	83-28	84-20	83-25	84-17
Dec.	83-05	83-13	83-08	83-26
Mar.	82-16	83-00	82-15	83-05
June	81-29	82-00	81-29	82-17
Sept.	81-11	81-27	81-11	81-31
Dec.	80-26	81-04	80-26	81-14
Mar.	80-11	—	—	80-31

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	93.65	93.71	93.61	93.67
Dec.	93.25	93.37	93.24	93.32
Mar.	93.00	93.13	92.99	93.07
Jun.	92.77	92.87	92.77	92.84
Sept.	92.57	92.66	92.56	92.63
Dec.	92.40	92.48	92.38	92.45
Mar.	92.22	92.29	92.20	92.27

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Sep.	0.6709	0.6721	0.6674	0.6726
Dec.	0.6769	0.6781	0.6731	0.6785
Mar.	0.6830	0.6846	0.6830	0.6846
June	0.6890	—	—	0.6906

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Close	High	Low	Prev.
Sept.	0.7052	0.7058	0.7000	0.7065
Dec.	0.7109	0.7114	0.7053	0.7120
Mar.	0.7172	0.7175	0.7158	0.7180
June	0.7242	—	—	0.7245

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Close	High	Low	Prev.
Sept.	0.5526	0.5535	0.5501	0.5536
Dec.	0.5571	0.5580	0.5544	0.5581
Mar.	0.5617	0.5624	0.5593	0.5626
June	0.5664	—	—	0.5671

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.67	92.77	92.61	92.75
Dec.	92.07	92.20	92.03	92.16
Mar.	91.73	91.87	91.69	91.82
June	91.45	91.58	91.42	91.54
Sept.	91.21	91.32	91.17	91.29
Dec.	91.00	91.09	91.97	91.07
Mar.	90.81	90.89	90.78	91.87
June	90.64	90.70	90.62	90.69

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Sept.	327.50	332.25	327.25	332.00
Dec.	330.40	335.25	330.20	334.95
Mar.	333.20	337.80	333.20	337.70
June	336.00	340.60	336.00	340.50

BANK RETURN

BANKING DEPARTMENT	Wednesday August 26, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	91,954,930	+ 779,286
Bankers Deposits	1,013,664,077	+ 143,218,975
Reserve and other Accounts	2,209,222,292	+ 134,499,939
	3,329,394,299	+ 278,498,200
ASSETS		
Government Securities	886,186,049	+ 152,880,128
Advance and other Accounts	845,522,412	− 89,058,158
Premises Equipment & other Secs.	1,584,014,684	+ 208,960,930
Notes	13,386,911	+ 5,696,097
Coin	274,243	+ 19,203
	3,329,394,299	+ 278,498,200

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	13,376,613,089	+ 154,303,903
Notes in Banking Department	13,386,911	+ 5,696,097
	13,390,000,000	+ 160,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,230,688,792	− 406,126,641
Other Securities	5,148,296,108	+ 566,126,641
	13,390,000,000	+ 160,000,000

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6335	1.6298	1.6208	1.6095	1.5905

IMM—STERLING $ per £

	Close	High	Low	Prev
Sept.	1.6310	1.6340	1.6225	1.6290
Dec.	1.6190	1.6220	1.6100	1.6160
Mar.	1.6080	1.6110	1.6005	1.6045
June	1.5965	1.6020	—	1.5930

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6287	1.6255	1.6240	1.6253
Dec.	1.6156	1.6140	1.6090	1.6119
Mar.	1.6048	—	—	1.6000

Estimated volume 292 (20)
Previous day's open int 906 (889)

MONEY MARKETS

Fed adds to reserves

INTEREST RATES were firm in New York, with dealers nervous that the weaker dollar may have led to a slight tightening of the Federal Reserve's credit policy.

The Federal Reserve added $1.5bn liquidity to the banking system yesterday, via customer repurchase agreements, when Federal funds were trading at 6 11/16 per cent.

Credit conditions improved in Frankfurt yesterday, as end of month funding pressures eased. Call money fell to 4.00 per cent *from 4.25 per cent.* Pension money paid by banks last week found its way back into the system, and banks appeared to be in no difficulty meeting minimum reserve holdings for the month.

Banks held DM53.9bn at the Bundesbank on Thursday, giving a daily average of DM52.3bn for the first 27 days of August, against a required DM51.5bn.

Dealers suggested the Bundesbank has been relatively generous of late, supplying an unexpected DM8.1bn in liquidity last week.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 28) 3 months U.S. dollars		6 months U.S. dollars	
bid 7¼	offer 7⅜	bid 7⅜	offer 7½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

BANK OF ENGLAND TREASURY BILL TENDER

	Aug 28	Aug 21		Aug 28	Aug 21
Bills on offer	£300m	£300m	Top accepted rate of discount	9.8670%	9.8670%
Total of applications	£982m	£925m	Average rate of discount	9.8670%	9.8406%
Total allocated	£300m	£300m	Average yield	10.12%	10.09%
Minimum accepted bid	£97.54	£97.54	Amount on offer at next tender	£200m	£300m
Allotment at minimum level	100%	70%			

WEEKLY CHANGE IN WORLD INTEREST RATES

	Aug 28	change		Aug 28	Change
LONDON			**NEW YORK**		
Base rates	10	Unch'd	Prime rates	8¼	Unch'd
7 day interbank	9⅜	+⅛	Federal Funds	6 11/16	+⅛
3-month Interbank	10⅛	+⅛	3 Mth. Treasury Bills	6.48	+0.24
Treasury Bill Tender	9.8670	+0.0264	6 Mth. Treasury Bills	6.65	+0.15
Band 1 Bills	9⅞	Unch'd	3 Mth. C D	6.90	+0.12
Band 2 Bills	9⅞	Unch'd	**FRANKFURT**		
Band 3 Bills	9⅞	Unch'd	Lombard	5.0	Unch'd
Band 4 Bills	9⅞	Unch'd	One mth. Interbank	3.925	+0.05
3 Mth. Treasury Bill	9 13/16	Unch'd	Three month	3.925	Unch'd
1 Mth. Bank Bills	9⅞	+⅛	**PARIS**		
3 Mth. Bank Bills	10⅛	+⅛	Intervention Rate	7½	Unch'd
TOKYO			One mth. Interbank	7⅜	−½
One month Bills	3.65625	Unch'd	Three month	7⅝	−⅛
Three month Bills	3.71875	Unch'd	**MILAN**		
BRUSSELS			One month	12½	Unch'd
One month	6½	+⅛	Three month	12⅝	+⅛
Three month	6⅝	Unch'd	**DUBLIN**		
AMSTERDAM			One month	9⅜	−⅛
One month	5⅜	−⅛	Three month	9⅞	−⅛
Three month	5⅜	−⅛			

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

MONEY RATES

NEW YORK
(4 pm)

Prime rate	8¼
Broker loan rate	8-7¾
Fed. funds	6⅝
Fed funds at intervention	6 11/16

Treasury Bills and Bonds

One month	5.49	Three year	8.26
Two month	6.11	Four year	8.44
Three month	6.49	Five year	8.57
Six month	6.65	Seven year	8.82
One year	7.38	10 year	9.02
Two year	7.99	30 year	9.18

August 28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	N/A	3.85-4.00	3.85-4.00	3.85-4.00	4.10-4.25	5.0
Paris	7½-7⅝	7⅜-7½	7 11/16-7 13/16	7 11/16-7 13/16	8⅛-8¼	7½
Zurich	¾-1⅛	3⅛-3⅜	—	3½-3⅝	—	—
Amsterdam	4⅞-5	5⅛-5¼	—	5⅜-5½	—	—
Tokyo	3.37500	3.65625	—	3.71875	—	—
Milan	11¼-11⅜	12⅛-12¼	—	12½-12⅞	—	—
Brussels	6.50	6⅝-6⅞	—	6⅝-6 13/16	—	—
Dublin	9-9¼	9⅜-9⅝	9⅝-9⅞	9¾-10	10⅛-10⅜	—

LONDON MONEY RATES

Aug. 28	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-7	9½-9⅜	9 15/16-9⅞	10⅛-10 1/16	10⅜-10¼	11-10 15/16
Sterling CDs	—	—	9 13/16-9¾	10⅛-10	10⅜-10¼	10⅞-10¾
Local Auth'rity Deps.	9⅜	9⅜	9 11/16	10⅛	10 5/16	10⅞
Local Authority Bonds	—	—	9⅞	10⅛	10 9/16	11⅛
Discount Mkt Deps.	9⅞-7	9⅛	9½	9⅞	—	—
Company Deposits	9⅜	9½	10-9⅞	10½	10⅝	11
Finance House Deposits	—	—	9⅞	10⅛	10⅜	10 13/16
Treasury Bills (Buy)	—	—	9 13/16	9 13/16	—	—
Bank Bills (Buy)	—	—	9⅞	10⅛	10¼	—
Fine Trade Bills (Buy)	—	—	10⅛	10¼	10⅝	—
Dollar CDs	—	—	6.85-6.80	6.9-6.85	7.20-7.15	7.70-7.65
SDR Linked Deposits	—	—	6¼-6	6⅝-6⅜	6 13/16-6⅝	7-6⅞
ECU Linked Deposits	—	—	7⅛-7	7⅜-7⅛	7⅝-7½	7 13/16-7⅝

Treasury Bills (sell); one-month 9 11/16 per cent; three-months 9 11/16 per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 10 1/16 per cent; Treasury Bills; Average tender rate of discount 9.8670 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1987. Agreed rates for period September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9⅞ per cent; six-nine months 10 per cent; nine-12 months 10⅛ per cent; Under £100,000 8 per cent from August 18. Deposits withdrawn for cash 5 per cent.

MONTHLY AVERAGES OF STOCK INDICES

	August	July	June	May
Financial Times				
Government Securities	86.13	89.97	91.75	92.43
Fixed Interest	94.29	97.45	98.21	97.83
Ordinary	1,758.3	1,855.2	1,759.8	1,674.1
Gold Mines	440.9	420.2	385.6	428.7
SEAQ Bargains (5p.m.)	41,270	53,501	48,405	47,665
F.T.—Actuaries				
Industrial Group	1,173.47	1,229.53	1,173.72	1,117.78
500 Share	1,265.96	1,327.37	1,261.63	1,196.58
Financial Group	804.72	853.00	785.00	734.98
All-Share	1,147.72	1,200.11	1,132.34	1,072.67
FT-SE 100	2,256.3	2,346.7	2,265.8	2,148.7

	Aug. High	Aug. Low
Ordinary	1,815.1(3rd)	1,700.2(20th)
All-Share	1,188.43(3rd)	1,114.81(20th)
FT-SE 100	2,334.3(3rd)	2,185.3(20th)

Contract and Tender

Legal Notice

We Adrian Richard Stanway and John Frederick Powell of Cork Gully, 43 Temple Row, Birmingham, B2 5JT were appointed receivers of RED GARAGES (NORTH WALES) LIMITED, RED GARAGE (LLANDUDNO) LIMITED AND CAERNARFON MOTORS LIMITED (Registered Numbers 92105, 999373 and 1071335) by NWS Trust Limited, North West House, City Road, Chester, CH1 3AN on 8 July 1987.

Company Notices

LONRHO FINANCE PUBLIC LIMITED COMPANY

US$4¼ PER CENT CONVERTIBLE BONDS 2001
Guaranteed by
LONRHO PUBLIC LIMITED COMPANY

NOTICE IS hereby given to Bondholders, in accordance with Condition *5(H)(b)(c) of issue of* the above Bonds, that the Ordinary Shares of 25p each of Lonrho Public Limited Company were listed (as a class) on the Tokyo Share Exchange on 23rd July 1987.

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND CONSIGNEES

CURRENCY ADJUSTMENT FACTOR

The member lines of the above conference operating services from United Kingdom, Northern Ireland and the Republic of Ireland to Canadian Maritime, Saint Lawrence River and Great Lakes Ports, wish to advise shippers and consignees that in an effort to bring greater stability to the trade, changes in the currency adjustment factor will in future be made on a quarterly basis instead of monthly.

The above arrangement will be introduced with the quarter commencing 1st October 1987.

Atlantic Container Line B.V.
Canada Maritime Ltd, Cast (1983) Ltd,
HPAG-Lloyd AG, ML Containerline Ltd.

Canadian Atlantic Freight Secretariat Ltd,
Secretaries,
Stoner House, Kilnmead, Crawley,
West Sussex, RH10 2BG.

September 1987.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 28, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.25
Albania	Lek	10.1581
Algeria	Dinar	7.5934
Andorra	French Franc Spanish Peseta	9.88 199.15
Angola	Kwanza	48.8095
Antigua	E. Caribbean $	4.3902
Argentina	Austral	3.6328
Aruba	Florin	2.9403
Australia	Australian $	2.2870
Austria	Schilling	20.835
Azores	Portuguese Escudo	233.50
Bahamas	Bahama $	1.6335
Bahrain	Dinar	0.6145
Balearic Islands	Spanish Peseta	199.15
Bangladesh	Taka	49.90
Barbados	Barbados $	3.2855
Belgium	Belgian Franc	(cm) 61.60 (fn) 62.00
Belize	B $	3.2670
Benin	C.F.A. Franc	494.00
Bermuda	Bermudian $	1.6335
Bhutan	Ngultrum	21.15
Bolivia	Boliviano	(o) 3.3821
Botswana	Pula	2.7450
Brazil	Cruzado	78.15
British Virgin Islands	U.S. $	1.6335
Brunei	Brunei $	3.4308
Bulgaria	Lev	1.3860
Burkina Faso	C.F.A. Franc	494.00
Burma	Kyat	10.8865
Burundi	Burundi Franc	201.50
Cameroon	C.F.A. Franc	494.00
Canada	Canadian $	2.1550
Canary Islands	Spanish Peseta	199.15
Cape Verde Islands	Cape V. Escudo	145.82
Cayman Islands	Cayman Isles $	1.36
Cent. Afr. Republic	C.F.A. Franc	494.00
Chad	C.F.A. Franc	494.00
Chile	Chilean Peso	370.00
China	Renminbi Yuan	6.0754
Colombia	Col. Peso	408.83
Comoro Islands	C.F.A. Franc	494.00
Congo (Brazzaville)	C.F.A. Franc	494.00
Costa Rica	Colon	103.0478
Cuba	Cuban Peso	1.2749
Cyprus	Cyprus £	0.7732
Czechoslovakia	Koruna	(com) 8.90 nc 15.51 (T) 15.06
Denmark	Danish Kroner	11.4025
Djibouti Republic of	Djibouti Franc	290.00
Dominica	E. Caribbean $	4.3902
Dominican Republic	Dominican Peso	5.1869
Ecuador	Sucre	(o) 258.93 (F) 303.72
Egypt	Egyptian £	3.55
El Salvador	Colon	8.1425
Equatorial Guinea	C.F.A. Franc	494.00
Ethiopia	Ethiopian Birr	3.3625
Falkland Islands	Falkland Isles £	1.0
Faroe Islands	Danish Kroner	11.4025
Fiji Islands	Fiji $	2.1047
Finland	Markka	7.1613
France	Franc	9.88
French C'ty in Africa	C.F.A. Franc	494.00
French Guiana	Local Franc	9.88
French Pacific Islands	C.F.P. Franc	179.00
Gabon	C.F.A. Franc	494.00
Gambia	Dalasi	12.1086
Germany (East)	Ostmark	2.9575
Germany (West)	Deutsche Mark	2.9575
Ghana	Cedi	267.48
Gibraltar	Gibraltar £	1.0
Greece	Drachma	224.53
Greenland	Danish Krone	11.4025
Grenada	E. Caribbean $	4.3902
Guadaloupe	Local Franc	9.88
Guam	U.S. $	1.6335
Guatemala	Quetzal	1.6335 (F) 4.4344
Guinea	Franc	552.84
Guinea-Bissau	Peso	1056.90
Guyana	Guyanese $	14.65
Haiti	Gourde	8.1675
Honduras	Lempira	3.2570
Hong Kong	H.K. $	12.7170
Hungary	Forint	77.2817
Iceland	Icelandic Krona	63.36
India	Indian Rupee	21.15
Indonesia	Rupiah	2679.22
Iran	Rial	115.90
Iraq	Iraqi Dinar	0.5090
Irish Republic	Punt	1.1100
Israel	Shekel	2.6020
Italy	Lira	2140.00
Ivory Coast	C.F.A. Franc	494.00
Jamaica	Jamaican Dollar	8.79
Japan	Yen	232.00
Jordan	Jordanian Dinar	0.5550
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	26.75
Kiribati	Australian $	2.2870
Korea (North)	Won	1.5355
Korea (South)	Won	1316.25
Kuwait	Kuwaiti Dinar	0.4574
Laos	New Kip	57.17
Lebanon	Lebanese £	463.85
Lesotho	Maloti	3.3148
Liberia	Liberian $	1.6335
Libya	Libyan Dinar	0.4857
Liechtenstein	Swiss Franc	2.4375
Luxembourg	Luxembourg Franc	61.60
Macao	Pataca	13.0776
Madeira	Portuguese Escudo	233.50
Malagasy Republic	M.G. Franc	1872.00
Malawi	Kwacha	3.65
Malaysia	Ringgit	4.0983
Maldive Islands	Rufiyaa	11.43
Mali Republic	C.F.A. Franc	494.00
Malta	Maltese £	0.5570
Martinique	Local Franc	9.88
Mauritania	Ouguiya	121.6248
Mauritius	Mauritian Rupee	21.19
Mexico	Mexican Peso	2424.8350 2393.7972
Miquelon	Local Franc	9.88
Monaco	French Franc	9.88
Mongolia	Tugrik	5.48
Montserrat	E. Caribbean $	4.3902
Morocco	Dirham	13.50 (sg)
Mozambique	Metical	656.90
Namibia	S.A. Rand	3.3148
Nauru Islands	Australian $	2.2870
Nepal	Nepalese Rupee	34.1460
Netherlands	Guilder	3.3325
Netherland Antilles	Antillian Guilder	2.9403
New Zealand	N.Z. $	2.6925
Nicaragua	Cordoba	3582.70
Niger Republic	C.F.A. Franc	494.00
Nigeria	Naira	6.9800
Norway	Norwegian Krone	10.9050
Oman Sultanate of	Rial Omani	0.6270
Pakistan	Pakistan Rupee	28.25
Panama	Balboa	1.6335
Papua New Guinea	Kina	1.4597
Paraguay	Guarani	521.12 1294.66
Peru	Inti	(exc(o)25.88 32.39 47.10 60.34
Philippines	Philippine Peso	32.75
Pitcairn Islands	£ Sterling New Zealand $	— 2.6925
Poland	Zloty	454.71
Portugal	Escudo	233.50
Puerto Rico	U.S. $	1.6335
Qatar	Qatari Ryal	5.9032
Reunion Isle de la	French Franc	9.88
Romania	Leu	(NC) 16.26
Rwanda	Rwanda Franc	129.36
St. Christopher	E. Caribbean $	4.3902
St. Helena	St. Helena £	1.00
St. Lucia	E. Caribbean $	4.3902
St. Pierre	Local Franc	9.88
St. Vincent	E. Caribbean $	4.3902
Samoa American	U.S. $	1.6335
San Marino	Italian Lira	2140.00
Sao Tome & Principe	Dobra	57.2412
Saudi Arabia	Saudi Ryal	6.0980
Senegal	C.F.A. Franc	494.00
Seychelles	S. Rupee	9.00
Sierra Leone	Leone	(o) 48.21
Singapore	Singapore $	3.4308
Solomon Islands	Solomon Is. $	3.2450
Somali Republic	Somali Shilling	196.35
South Africa	Rand	(Cm) 3.3148 (Fn) 5.7070
Spain	Peseta	199.15
Spanish ports in North Africa	Peseta	199.15
Sri Lanka	S.L. Rupee	48.30
Sudan Republic	Sudan £	4.080
Surinam	S. Guilder	2.9158
Swaziland	Lilangeni	3.3148
Sweden	Swedish Krona	10.4150
Switzerland	Swiss Franc	2.4375
Syria	Syrian £	(o) 6.4115
Taiwan	New Taiwan $	49.13
Tanzania	Tan. Shilling	109.50
Thailand	Baht	41.65
Togo Republic	C.F.A. Franc	494.00
Tonga Islands	Palanga	2.2870
Trinidad & Tobago	Trinidad & Tob. $	5.88
Tunisia	Tunisian Dinar	1.3772 (sg)
Turkey	Turkish Lira	1451.53
Turks & Caicos Islands	U.S. $	1.6335
Tuvalu	Australian $	2.2870
Uganda	Uganda Shilling	90.95
United States	U.S. $	1.6335
Uruguay	Uruguay Peso	385.14
United Arab Emirates	U.A.E. Dirham	5.9723
USSR	Rouble	1.0320
Vanuatu	Vatu	177.00
Vatican	Italian Lira	2140.00
Venezuela	Bolivar	(4) 7.0241 (5) 12.2513 (6) 50.65
Vietnam	Dong	(o) 130.08
Virgin Islands U.S.	U.S. $	1.6335
Western Samoa	Tala	(A) 3.3695
Yemen (North)	Ryal	(A) 16.70
Yemen (South)	S. Yemen Dinar	0.5577
Yugoslavia	New Y. Dinar	1216.86
Zaire Republic	Zaire	195.1661
Zambia	Kwacha	12.50
Zimbabwe	Zimbabwe $	2.7425

*Rate is the transfer market (controlled). †† Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Nigeria, Auction price for dollar N/A. (16) Bolivia, New Currency introduced (Boliviano, worth 1m Pesos) Jan 1 1987.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY AUGUST 31 1987					FRIDAY AUGUST 28 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	161.39	−1.0	146.47	150.92	2.43	162.95	147.89	152.38	162.95	99.92	75.92
Austria (16)	97.36	+0.5	88.37	91.75	2.25	96.84	87.89	91.26	101.62	85.53	94.70
Belgium (48)	133.08	−0.5	120.78	124.55	3.81	133.69	121.34	125.12	134.89	96.19	89.85
Canada (129)	138.16	+0.5	125.40	132.01	2.24	137.45	124.75	131.33	141.78	100.00	98.86
Denmark (39)	123.23	+0.5	111.84	116.98	2.39	122.62	111.29	116.41	124.21	98.18	95.94
France (121)	114.98	+0.4	104.35	109.07	2.59	114.57	103.98	108.68	121.82	98.39	100.54
West Germany (92)	104.27	+0.0	94.64	98.17	1.93	104.27	94.64	98.17	104.87	84.00	98.47
Hong Kong (45)	145.22	+0.0	131.80	145.58	2.44	145.22	131.80	145.58	145.22	96.89	76.46
Ireland (14)	142.61	+0.0	129.44	137.07	3.27	142.61	129.44	137.07	145.41	99.50	81.33
Italy (76)	89.88	+1.4	81.58	87.94	2.08	88.61	80.42	86.69	112.11	84.22	108.30
Japan (458)	152.14	−0.3	138.08	136.51	0.50	152.58	138.49	136.91	161.28	100.00	101.00
Malaysia (36)	177.91	−1.6	161.47	172.41	2.15	180.88	164.17	175.29	193.64	98.24	94.90
Mexico (14)	359.27	+3.1	326.07	584.89	0.51	348.42	316.23	567.23	359.27	99.72	62.34
Netherland (37)	128.71	−0.8	116.82	119.84	3.75	129.79	117.80	120.85	131.41	99.65	100.38
New Zealand (24)	124.75	+0.7	113.22	109.65	2.72	123.86	112.42	108.87	125.32	83.93	71.21
Norway (24)	173.74	+2.1	157.69	157.41	1.73	170.19	154.47	154.20	173.74	100.00	103.76
Singapore (27)	169.52	−1.3	153.86	164.54	1.49	171.73	155.87	166.69	174.28	99.29	93.75
South Africa (61)	177.74	+1.0	161.32	136.36	3.07	175.93	159.67	134.97	198.09	100.00	87.19
Spain (43)	158.71	+1.1	144.05	146.63	2.70	156.99	142.48	145.03	158.71	100.00	98.11
Sweden (33)	126.60	−1.0	114.90	119.47	1.94	127.92	116.10	120.73	130.84	90.85	93.06
Switzerland (53)	107.81	−0.1	97.85	99.76	1.66	107.89	97.92	99.83	109.22	92.01	94.22
United Kingdom (335)	150.30	+0.0	136.42	136.42	3.24	150.30	136.42	136.42	162.87	99.65	100.41
USA (590)	134.68	+0.8	122.24	134.68	2.72	133.64	121.29	133.64	137.42	100.00	105.57
Europe (931)	126.51	+0.1	114.82	117.34	2.79	126.37	114.70	117.22	128.35	99.78	99.84
Pacific Basin (683)	152.19	−0.3	138.13	137.23	0.64	152.67	138.56	137.66	158.77	100.00	99.22
Euro—Pacific (1614)	141.99	−0.2	128.87	129.32	1.40	142.23	129.09	129.54	143.65	100.00	99.47
North America (719)	134.87	+0.8	122.41	134.56	2.70	133.84	121.47	133.54	137.55	100.00	105.21
Europe Ex. UK (596)	111.75	+0.2	101.43	105.56	2.42	111.53	101.23	105.36	111.75	98.02	99.53
Pacific Ex. Japan (225)	152.86	−0.6	138.74	145.84	2.39	153.74	139.54	146.68	153.74	99.92	77.02
World Ex. US (1818)	142.39	−0.1	129.23	129.78	1.45	142.56	129.39	129.94	143.38	100.00	99.27
World Ex. UK (2073)	138.29	+0.2	125.51	131.34	1.79	137.96	125.22	131.03	138.82	100.00	100.85
World Ex. So. Af. (2347)	139.10	+0.2	126.25	131.73	1.92	138.82	125.99	131.46	139.47	100.00	100.80
World Ex. Japan (1950)	133.25	+0.5	120.94	129.41	2.72	132.59	120.34	128.77	134.03	100.00	102.06
The World Index (2408)	139.35	+0.2	126.48	131.80	1.93	139.05	126.21	131.52	139.73	100.00	100.71

Base values: Dec 31, 1986 = 100

UK and Hong Kong markets closed for public holiday on August 31.

CONSTITUENT CHANGES: Name changes—Magnet and Southerns to Magnet, Pilkington Bros to Pilkington, Rio Tinto-Zinc to RTZ (UK).

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$460	359	17.50	10	30	3	39	$456.50
GOLD C	$480	60	10.50	151	22	8	30.50	"
GOLD C	$500	237	7	210	13.50	5	22	"
GOLD C	$520	122	4.80	393	9.50B	—	—	"
GOLD P	$440	15	5.10	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 52,892

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Int'l (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe Guarantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equatorial TstC'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp.	§11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sureties 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.9%.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
110	F.P.	18/9	121	111	Adscene	133	—	L2.5	2.9	3.0	23.9
245	100	28/8	147	130	BAA	132	—	L6.6	2.4	3.2	17.3
††	F.P.	—	76½	65	BHP Gold Mines A$0.25	70½	−3	—	—	—	—
80	F.P.	—	108	85	*ChemEx. Intl.	90	—	—	—	—	—

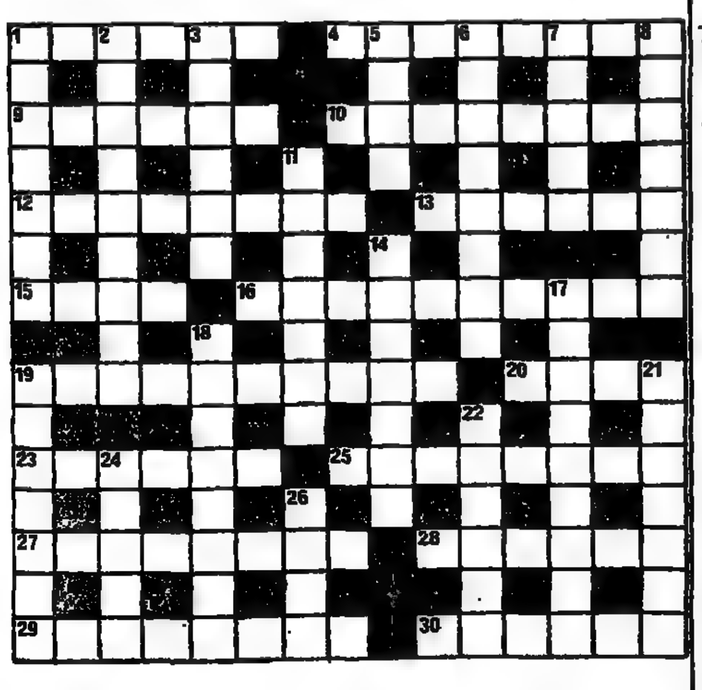
FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures I Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ● Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. †Issued in £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p less 1 Ord.)

FT CROSSWORD PUZZLE No. 6,418

PROTEUS



ACROSS

1 One getting into position to fish (6)
4 Censure traveller taking fish (8)
9 Interfere unwarrantably with politician in rate case (6)
10 Piece concerning game on island (8)
12 King perhaps of exalted character (4,4)
13 Apportions variable assets (6)
15 Cross over entrance (4)
16 Pass message to colleague in irregular fashion (10)
19 Be fully aware of rise in value (10)
20 Sin in the village (4)
23 Everybody in a tear about support column (6)
25 Immature class in nude romp (8)
27 Bill clergyman found correct (8)
28 Make clear to bench (6)
29 In great fear of starting dramatic recital (8)
30 Becomes entangled with man in confusion (6)

DOWN

1 Baseball player in jug (7)
2 A collection of octopuses or military formations? (4,5)
3 Force athlete to go to right church (6)
5 Repetition of some favourite chorus (4)
6 Where elderly may relax and enjoy first "mother's ruin"? (4,4)
7 Shooter for example French love (5)
8 Plant of an upright habit one might think (7)
11 Furious at French trick (7)
14 Satisfied in substance (7)
17 Nothing to compare with ideal marriage? (4-5)
18 Went and made good (8)
19 Praise for a very quiet churchman (7)
21 Runs round the German boys (7)
22 Stick with firm at this point (6)
24 Money from backing part of another culture (5)
26 Gun-mounting catches (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	118.1	124.9	-1.5	1.25
(Accum Units)	123.7	130.8	-1.6	1.25
British Blue Chip Fund	51.6	54.9	+0.3	2.62
(Accum Units)	51.6	54.9	+0.3	2.62
American Sm Cos Fd	54.1	57.2	+0.0	0.46
(Accum Units)	54.1	57.2	+0.0	0.46
American Income	53.4	56.5	-1.0	3.95
(Accum Units)	58.4	61.7	-1.0	3.95
European Growth	157.9	167.0	+0.2	2.18
(Accum Units)	164.9	174.4	+0.2	2.18
European Income	85.4	90.3	+0.4	3.41
(Accum Units)	89.7	94.9	+0.4	3.41
General	378.6	400.0	+0.3	1.31
(Accum Units)	631.8	668.5	+4.3	1.31
Gilt	96.0	98.4	+0.3	8.39
(Accum Units)	102.2	102.7	+0.3	8.39
Global Fund	53.0	56.0	-0.2	0.67
(Accum Units)	53.0	56.0	-0.2	0.67
High Interest Fund	42.8	45.2	-0.1	9.64
(Accum Units)	43.0	45.5	-0.2	9.64
High Income Fund	52.6	55.6	+0.1	4.85
(Accum Units)	53.4	56.5	+0.1	4.85
Income	125.1	132.3	-0.6	2.64
(Accum Units)	144.4	152.7	+0.5	2.64
International	308.8	327.3	-1.8	1.37
(Accum Units)	398.9	422.1	-2.3	1.37
Japan	220.0	232.8	-1.9	0.55
(Accum Units)	225.8	238.9	-2.0	0.55
Pacific Fd	59.7	63.1	-0.2	0.10
(Accum Units)	59.7	63.1	-0.2	0.10
Recovery	319.9	338.5	+0.7	1.27
(Accum Units)	347.9	368.1	+0.8	1.27
UK Smaller Co's Fd	55.2	58.4	+0.1	1.75
(Accum Units)	55.7	58.9	+0.1	2.75
Exempt	349.4	358.3		2.25
(Accum Units)	552.6	566.7		2.25

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Aug 26	629.5	637.5		1.08

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ 0707 45186

UK Income Fund	61.6	65.5	-0.1	4.58
Accum Units	62.3	66.2	-0.1	4.57

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	119.3	127.0	+0.9	1.01
PM Income and Growth	105.6	112.4	+0.3	2.95
PM N American Growth	61.4	65.3	-0.7	0.32
PM European Growth	53.0	56.3	+1.9	0.54
PM Japan Growth	76.3	81.1	-0.5	0.34
PM Overseas Growth	39.4	49.1	-0.3	0.42

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Unit Inc 0800 010345

Holborn Comm Tst	82.7	87.5		0.35
Holborn Equity Income	72.5	76.7		5.36
Holborn Equity Tst	589.2	623.4		2.17
Holborn European Tst	126.2	133.5		0.62
Holborn Gilt Tst	203.9	212.7		2.24
Holborn High Inc Tst	89.0	94.1		4.59
Holborn Intl Grth Tst	128.1	135.5		0.64
Holborn Japanese Tst	146.5	155.0		0.04
Holborn N. Amer. Tst	100.6	106.4		0.45
Holborn Sm Cos Tst	79.8	84.4		1.38
Holborn Spec Sits Tst	104.2	110.2		1.33
Holborn UK Growth Tst	116.1	122.8		1.52

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	669.7	708.4	+15.5	1.38
Quadrant Income	328.6	347.8	+7.4	3.83
Quadrant Intl. Fund	471.1	498.6	-4.2	1.80
Quadrant Spec. Sits	464.8	491.9	+15.7	1.34

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	242.7	258.1	+2.2	2.34
Reliance Unit Tst (Inc)	167.7	178.3	+0.9	1.48
Reliance Uk Tst (Acc)	225.7	240.0	+1.3	1.48

Rowsburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2020

Internat. Growth Trust	53.1	55.9	-0.8	3.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	446.7	470.2		—
Property	282.5	297.4		—
Equity	566.0	595.8		—
Gilt Edged	346.7	364.9		—
Deposit	205.9	216.7		—
Investment	241.2	253.2		—
International	454.6	478.3		—
Pension Fund Prices				
Managed Init.		328.9		—
Do. Accum.		404.3		—
Property Init.		246.2		—
Do. Accum.		302.4		—
Equity Init.		431.0		—
Do. Accum		528.8		—
Gilt-Edged Init.		221.8		—
Do. Accum.		272.6		—
Guaranteed Init.		158.6		—
Do. Accum.		195.0		—
International Init.		536.0		—
Do. Accum.		658.2		—
Index Lk. Gilt Init.		134.5		—
Do. Accum.		165.2		—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	317.1	+0.9	—
Property Pens.	424.0	+1.6	—
Equity	195.7	-0.2	—
Equity Pens.	881.3	-1.0	—
Money Market	292.4	-0.3	—
Money Mkt. Pens.	525.7	-0.9	—
Deposit	238.3	+0.0	—
Deposit Pens.	380.6	+0.1	—
Managed	295.3	-0.3	—
Managed Pens.	568.1	-0.7	—
Intl. Equity	361.3	-0.5	—
Do. Pens.	588.5	-1.5	—
Intl. Managed	328.3	-0.4	—

National Provident Inst.—Contd.

Far East Initial	509.1	535.9	-3.8	—
Far East	609.9	642.0	-4.5	—
Prop. Initial	143.4	151.0	+2.2	—
Prop.	171.9	181.0	+2.6	—
Fixed Int. Initial	179.2	188.7	+0.3	—
Fixed Int.	215.2	226.6	+0.5	—
Indexed Gilt Initial	101.3	106.7	+0.5	—
Indexed Gilt	120.4	126.8	+0.6	—
Deposit Initial	135.2	142.4		—
Deposit	164.0	172.7		—
NPI Pensions Management Ltd				
Managed Fund	966.1	983.4	-4.2	—

Prices September 9. Next dealing October 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1NS 0603 683986

NUAM Funds				
Managed Fund	57.7	60.8		—
Stock Market Mngd Fund	60.0	63.2		—
Equity Fund	63.8	67.2	+0.1	—
International Fund	57.4	60.5	-0.2	—
European Fund	60.0	63.2	+0.1	—
North American Fund	52.5	55.3	-0.4	—
Pacific Fund	67.4	71.0		—
Property Fund	52.0	54.8		—
Fixed Interest Funds	47.6	50.2	+0.3	—
Index Linked Sec Fund	45.6	48.1	+0.4	—
Deposit Fund	51.1	53.8		—
NUAM Retirement Plans				
Mixed Fund	61.7	65.0	-0.2	—
UK Ordinary Share	72.7	76.6	-0.3	—
International Fund	59.8	63.0	-0.2	—
Property Fund	52.0	54.8		—
Fixed Interest Fund	49.2	51.8	+0.1	—
Index Linked Sec Fund	45.8	48.3	+0.5	—
Deposit Fund	53.2	56.0		—
NUAM (MF)				
Managed Fund	792.5	834.3	+0.4	—
Equity Fund	1701.1	1790.7	+4.7	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

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LONDON SHARE SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
3May	3Nov	Treas. 12pc 1987	100¼	27.3	11.97	10.03
26 Jul	26 Jan	Treas 7¾pc 1985-88‡‡	99⅜	19.6	7.80	9.62
10Nov	10May	Exch 10½pc '88	99⅞	3.4	10.51	10.50
14Dec	14Jne	Treas 9¾pc Cv '88	99⅜	8.5	9.82	10.61
1Jan	1Jul	Transport 3pc '78-88	96¼	26.5	3.12	7.68
25 Apr	25 Oct	Treas. 9½pc '88	98⅞	19.3	9.62	10.59
22 Aug	22 Feb	Treas 11½pc 1989	101⅛	16.7	11.37	10.60
18 Oct	18 Apr	Treas 9½pc Cnv 1989	98⅜	12.3	9.65	10.53
15Nov	15May	Treas 3pc 1989	92⅞	8.4	3.23	7.48
14Dec	14Jun	Treas 10½pc 1989	99⅝	8.5	10.53	10.62
1Feb	1Aug	Exch.10pc 1989	98⅞	25.6	10.11	10.64
29 Mar	29 Sep	Exch 11pc 1989	100⅝xd	20.2	10.93	10.64
15 Apr	15 Oct	Treas 5pc 1986-89	92⅝	9.3	5.40	8.88
15 May	15 Nov	Exch 10¼pcCv '89	99¾	8.4	10.26	10.25
15 Jul	15 Jan	Treas 13pc 1990‡‡	105⅞	8.6	12.28	10.34
12 Aug	12 Feb	Exch 11pc 1990‡‡	100⅝	16.7	10.83	10.39
22 Sep	22 Mar	Exch. 12½pc 1990	104⅝xd	17.8	11.89	10.22
8 Nov	8 May	Treas. 3pc 1990	88¼	0.4	3.36	7.46
15 Dec	15 Jun	Treas 8¼pc 1987-90‡‡	95⅞	11.5	8.53	9.57
25 Apr	25 Oct	Treas. 10pcCv 1990	98⅞	19.3	10.08	10.28
22 May	22 Nov	Exch 2½pc 1990	85¼	15.4	2.89	7.19
10 July	10 Jan	Treas 11¾pc 1991	105⅞	3.6	11.28	10.23
5Oct	5Apr	Funding 5¾pc '87-91‡‡	88¼	2.3	6.39	9.03
13 Nov	13 May	Treas. 3pc 1991	84⅜	6.4	3.55	7.91
12Jan	12July	Treas 10pc Cv '91 ‡‡	99¾	5.6	10.02	10.04
25Apr	25Oct	Exch. 11pc 1991	101⅝	19.3	10.81	10.44
—		Treas. 8pc 1991	92	—		
22Jly	22Jan	Treas 12¾pc 1992‡‡	107⅞	15.6	11.82	10.45
21Aug	21Feb	Treas 10pc 1992	98⅝	15.7	10.15	10.39
13Oct	13Apr	Treas. 8pc 1992 ‡‡	91⅛	—	8.78	10.45
7 Nov	7 May	Treas 10½pc Cv 1992‡‡	100¼	31.3	10.48	10.41
—		Treas. 3pc 1992	79⅝	—	3.74	8.03
25 Feb	25 Aug	Exch. 12¼pc '92	106⅝xd	20.7	11.48	10.47
Five to Fifteen Years						
22Mar	22Sep	Exch 13½pc 1992	111⅞xd	17.8	12.10	10.50
15Oct	15Apr	Treas 10pc 1993‡‡	98¼	9.3	10.18	10.40
14Jan	14Jul	Treas 12½pc 1993‡‡	108¾	8.6	11.50	10.47
15Mar	15Sep	Funding 6pc 1993‡‡	85⅝xd	10.8	7.00	9.11
23May	23Nov	Treas 13¾pc 1993‡‡	114⅛	16.4	12.05	10.56
1 Sept	1 Mar	Treas 14½pc 1994‡‡	118⅛xd	27.7	12.24	10.51
27Oct	27Apr	Exch 13½pc 1994	113⅜	23.3	11.91	10.64
9Jun	9Dec	Treas. 10pc Ln. 1994‡‡	98¼	5.5	10.20	10.39
22Feb	22Aug	Exch. 12½pc 1994	109¼xd	16.7	11.47	10.67
17May	17Nov	Treas 9pc 1994‡‡	95⅝	10.4	9.61	10.25
25Jul	25Jan	Treas 12pc 1995	106⅝	18.6	11.24	10.63
1Nov	1May	Exch 3pc Gas 90-95	81⅛	25.3	3.44	7.88
21Jan	21Jul	Exch. 10¼pc 1995	98⅝	15.6	10.40	10.51
15May	15Nov	Treas 12¾pc 1995‡‡	111⅝	8.4	11.44	10.59
22Jly	22Jan	Treas. 14pc '96	117¼	15.6	11.87	10.69
15Sep	15Mar	Treas. 9pc 1992-96‡‡	93⅛xd	10.8	9.69	10.26
3Nov	3May	Treas 15¼pc 1996‡‡	125⅝	27.3	12.14	10.63
15Nov	15May	Exch 13¼pc 1996‡‡	114⅝	8.4	11.53	10.56
1Apr	1Oct	Redemption 3pc 1986-96	84xd	23.2	3.59	5.30
15May	15Nov	Conversion 10pc 1996	97⅛	8.4	10.28	10.45
22Jul	22Jan	Treas 13¼pc 1997‡‡	115¼	15.6	11.47	10.58
21Aug	21Feb	Exch 10½pc 1997	100⅛	15.7	10.49	10.46
1Mar	1Sep	Treas 8¾pc 1997‡‡	90⅝xd	27.7	9.65	10.26
27Apr	27Oct	Exch 15pc 1997	125⅛	23.3	11.99	10.75
19 Jul	19 Jan	Exch. 9¾pc 1998	95⅛	12.6	10.20	10.42
1Nov	1May	Treas 6¾pc 1995-98‡‡	79¼	25.3	8.52	9.94
30Mar	30Sep	Treas. 15½pc '98‡‡	130⅝xd	23.2	11.85	10.69
20May	20Nov	Exch. 12pc 1998	109⅛	13.4	10.99	10.54
15Jul	15Jan	Treas 9½pc 1999‡‡	94⅝	8.6	10.01	10.25
26Sep	26Mar	Exch. 12¼pc 1999	111⅛xd	17.2	11.07	10.54
19Nov	19May	Treas. 10½pc 1999	100¼	13.4	10.43	10.39
22May	22Nov	Conversion 10¼pc 1999	99⅛	15.4	10.36	10.38
28July	28Jan	Tr 8½pc Ln 2000‡‡	88⅝	—	8.84	9.01
3Sept	3Mar	Conversion 9pc 2000‡‡	91⅝xd	28.7	9.81	10.18
14Jan	14Jul	Treas. 13pc 2000	117⅛	8.6	11.10	10.53
26 Aug	26 Feb	Treas 10pc 2001	98⅛xd	20.7	10.19	10.24
22Nov	22May	Treas. 14pc '98-01	120⅝	15.4	11.61	10.70
10Feb	10Aug	Conversion 9¾pc 2001	96⅛	6.7	10.10	10.21
22Jul	22Jan	Exch. 12pc '99-02	109⅛	15.6	10.99	10.58
11 Oct	11 Apr	Conversion 10pc 2002	98⅛	5.3	10.20	10.25
27 Feb	27 Aug	Treas 9¾pc 2002	96⅝xd	21.7	10.10	10.20
Over Fifteen Years						
19May	19Nov	Exch. 9pc 2002	91⅛	—	9.88	10.15
25Jan	25Jul	Treas. 13¾pc 2000-03	122⅛	18.6	11.29	10.59
8 Mar	8 Sept	Treas 10pc 2003	99⅛	3.8	10.13	10.16
19Sep	19Mar	Treas. 11½pc 2001-04	108¼xd	13.8	10.64	10.36
18 Nov	18 May	Treas. 10pc 2004	99⅛	13.4	10.13	10.15

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for December 1986: 393.0 and for July 1987: 101.8 (rebased in January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Dividends Paid	Stock	Price	Last xd	Div Gross	C'vr	Y'ld Gr's
Ap Jy Oct	PHH	29⅞xd	29.6	$1.04	—	2.5
My Ag Nv	Pacificorp $3.25	21⅝	15.10	$2.52	—	7.1
	Pacific Telesis $0.10	18⅝	12.85	$$1.64	—	5.4
My Au No	Pall Corp. 25c	21⅝xd	13.7	34c	—	1.0
Mr Jn S D	Pennzoil 83c	44⅛xd	26.8	$2.20	—	3.1
Mr Au N	Pillsbury¶	28⅞	29.7	$1.00	—	2.1
	Primerica $1.00	29¼	—	$1.60	—	3.4
Jan Apr	Quaker Oats $5	34⅛xd	18.6	80c	—	1.4
Mr Je Se De	RJR Nabisco Inc.	41⅞	5.8	$1.60	—	2.3
Apr Jly O	Rep NY Corpn $5	33¼	10.6	$1.16	—	2.1
Jan Ap Jy O	Rockwell Intl. $1	16⅛	14.5	46c	—	2.4

Continued on next page

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc				
Minerva Hse, Montague Cl, London, SE1. 01-378 2576				
£250-£2,500	9.00	6.66	9.43	Qtr
£2,500+	10.00	7.38	10.46	Qtr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF. 031-225 8484				
Full Service Chq Acc	9.00	6.75	9.48	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.94	9.78	Qtr
MasterChq £2000-£5000	9.00	6.77	9.57	Mth
Mth. Int. Chq. £5,000+	9.25	6.94	9.84	Mth
AAB—Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD. 01-429 6802				
HICA, HICMA	9.75	7.34	10.40	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.30	6.98	9.68	Mth
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
High Int. Cheque	8.875	6.656	9.30	Qtr
Benchmark Trust Ltd Premier Account				
9 Henrietta Place, W1M 9AG. 01-631 3313				
£5,000-£10,000	9.00	6.77	9.43	6-mth
£10,001-£20,000	9.75	7.34	10.23	6-mth
£20,000+	10.00	7.50	10.50	6-mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2. 01-606 9833				
Demand Acc	9.1	6.85	9.60	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	9.00	6.77	9.02	Mth
U.S. Dollar	6.25	4.70	6.85	Mth
German Marks	3.00	2.26	3.13	Mth
Swiss Francs	2.50	1.88	2.60	Mth
Japanese Yen	3.00	2.26	3.13	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove W6. 01-741 4941				
Money Market Plus				
£1,000-£24,999	8.75	6.60	9.17	Mth
£25,000	9.25	7.00	9.70	Mth
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	6.31	4.75	6.42	Qtr
£2,500 +	8.31	6.26	8.77	Qtr
Darlington & Co Ltd				
9 The Crescent, Plymouth PL1 3AB. 0752 671979				
Money Mkt Acc	9.00	6.77	9.31	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827733				
Special Acc	8.50	6.40	9.03	Mthly
£10,000 and above	8.75	6.58	9.29	Mthly
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE. 0752 224141				
High Int Chq Acc	9.56	7.19	10.11	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	10.00	7.53	10.61	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech $25.89
Dynamic Gwth Fd $26.84

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund $12.27 12.97

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3. 01-283 6461				
CAFCASH Call Fund	8.79	6.62	9.29	3-mth
CAFCASH 7-day Fund	8.64	6.50	9.13	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ. 01-588 1815				
Deposit	9.25	—	9.58	—
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	9.05	6.81	9.49	6-Mth
7-day Fund	9.18	6.91	9.63	6-Mth
Dollar	5.56	4.18	5.80	3-Mth

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

LONDON SHARE SERVICE

AMERICANS—Continued

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Oc Ja Ap Jly	Sara Lee $1	28½xd	24.12	$1.00	—	2.2
Mr Jn Se De	Saul (B. F.) $1	11¼xd	26.6	20c	—	1.1
Fb My Ag No	Southwestern Bell $1	25	7.7	h$2.32	—	5.7
—	Staley Continental	18⅝	—	80c	—	2.6
Mr Jn Se De	Sun Co. Inc. $1	38⅝	5.8	$3.00	—	4.8
Ma Jn Se De	TRW Inc. $0.625	38⅞	11.8	h$1.60	—	—
Mr Je Se De	Tenneco $5	32¾	11.8	$3.04	—	5.7
June Dec	Do. 10pc Ln.Stk. 91-5	202½xd	24.11	10%	—	f5.0
Mr Je Se De	Texaco $6.25	26⅛xd	31.7	$3.00	—	7.0
Mr Jn Se De	Time Inc. $1	69⅝xd	22.8	$1.00	—	0.9
Ja Ap Jy Oc	Tracor $0.33	13¼	16.9	40c	—	1.8
Ja Ap Jn Oc	Transamerica $1	28½	30.6	$1.76	—	3.8
Fe My Au No	Transworld Corp $5	12¾	11.11	20c	—	1.0
Mc Je Se Oc	TRINOVA Corp.	48⅝	11.8	h$1.00	—	1.3
Mr Je Se De	♥USX $1	23	30.10	$1.20	—	3.2
Ag Nv Fb Jn	Union Carbide $1	18¼	4.8	$1.50	—	5.0
Mr Jn Sp De	Utd. Technologies	35⅛xd	19.5	$1.40	—	2.4
Fb My Ag No	US West‖	35¾	13.4	$3.28	—	5.6
—	Waste Management $1	29	—	—	—	—
—	Whirpool $1.0	£24	—	—	—	—
Mr Je Se De	♥Woolworth $3½	34½	19.11	$1.32	—	2.4

CANADIANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
—	ABM Gold Corp ‖	488p	—	—	—	—
—	♥Abbot Energy Corp.	21p	—	—	—	—
—	♥Amer. Barrick Res.	14¼xd	—	—	—	—
—	♥Ameeno	76¾p	—	—	—	—
Fb My Ag No	Bk. Montreal ‖	15¼	24.11	$2.00	—	6.0
Ja Ap Jy Oc	Bk. Nova Scot.‖	827p	30.6	72c	—	4.0
Ap Jy Oc Ja	BCE ‖	19¾	10.9	$2.40	—	5.7
May Nov.	♥Bow Valley‖	845p	15.12	40c	—	—
Ja Ap Jy Oc	♥Brascan‖	18¼	28.10	88c	—	2.2
—	♥Breakwater Res.	39½p	—	—	—	—
Fe My Au No	Can.Imp.Bk. $2	10¼xd	29.6	$1.08	—	4.8
July Jan.	Can. Pacific ‖	12¾	29.6	48c	—	1.7
July Jan	Do. 4pc Deb £100	41½	10.11	4%	—	9.6
—	Central Capital 'A'‖	695p	—	—	—	—

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

Far East Res. 10p	130	—	—	—	—	—	—
Gardner (J.) 5p	73	—	R1.25	2.3	2.3	25.3	
Honorbilt 5p	32	—	—	—	—	17.6	
Lynx Tech. 5p	70	—	b—	—	—	8.0	
Publishing Hldgs. 5p	65	—	—	—	—	37.7	
Theme Holdings	77	27.4	1.0	1.9	1.8	41.3	
UPL Group 10p	140	—	1.2.41	2.8	2.4	—	
Uen Group	140ǂ	—	84.4	2.5	4.5	10.0	

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xθ ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	93	.....	Fin. 13% 97/02	£103¾xd	.....
Craig & Rose £1	613	+25	Arnotts	380	+5
Finlay Pkg. 5p	112	–1	CPI Hldgs	96	.....
Holt (Jos) 25p	1005	.....	Carroll Inds.	175	+10
IoM Stm. £1	173	.....	Dublin Gas	20	.....
			Hall (R. & H.)	130	.....
IRISH			Heiton Hldgs.	56xd	+5
Fund 11¼% 1988	£100¼	.....	Irish Ropes	215	.....
Nat. 9¾% 84/89	£97¼	.....	Unidare	435xd	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp.	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	78
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met.	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

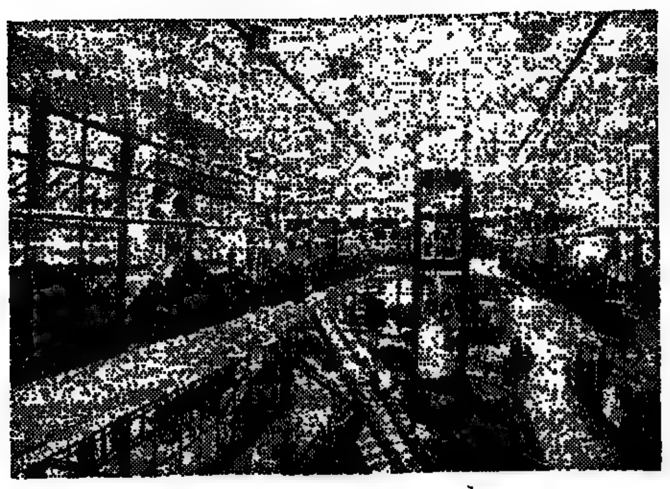
CONSTRUCTION CONTRACTS

Shopping centre in Leeds

RUSH AND TOMPKINS has been awarded a contract worth over £14m by joint developers Clayform Properties and Tarmac Properties, for the demolition and reconstruction of the Schofields shopping centre in Leeds, a redevelopment funded by PosTel Property.

When completed in the summer of 1989 the multi-level centre, totalling 250,000 sq ft, will comprise a 50,600 sq ft department store, 52 retail units, a food court with a seating area, and a coffee court. Schofields has been a landmark in the centre of Leeds since 1901, when the original shop was established.

The development fronts the Headrow, a major thoroughfare, and during construction pedestrian and traffic flows have to be maintained.



Demolition starts next month and 20,000 cu metres of basement excavation is required.

The centre has been designed to complement the surrounding Victorian buildings. The model in the photograph shows the interior after reconstruction.

Highway in Turkey

OVE ARUP & PARTNERS has won the design competition for a toll highway project in Turkey, which has a construction value of over £250m. The proposed highway starts at Edirne, close to the Bulgarian border, and runs south-east for 155 km to Kinali where it joins a new motorway to Istanbul. Dogus, a Turkish contractor, has been awarded a privately financed, design and construct contract by KGM (the Turkish Highway General Directorate) for the project and it has appointed a joint-venture team lead by Arup with local consulting engineers Botek, to undertake the design. Design work is expected to be complete in 30 months. Construction is due to start in six months' time with the first half of the motorway, starting from Istanbul, to be open for traffic within 30 months, and the total completed in 48 months.

Refurbishing Hertford's Shire Hall

Cambridge-based RATTEE & KETT, part of Mowlem Regional Construction, has been awarded three contracts together worth nearly £4m. The biggest contract is in Hertford where the County Council has awarded the company a £2m contract for a refurbishment project at Shire Hall, designed by James Adam and built around 1770. This involves restoration of the fabric, including roof, brickwork and stonework, new floorboards and plasterwork, and remodelling the interior. When completed it will provide magistrates accommodation and court rooms, improved facilities for the public and court officials as well as restored civic rooms. The work will take two years.

Dalham Hall Stud, Newmarket, has awarded further work. The latest order, worth £850,000, is for an American barn — horse-boxes either side of a trackway, all under one roof — and a covering yard. Work has started for completion in February next year. The third project, at £760,000, is for construction of laboratories on the Cambridge Science Park for Twyford Plant, a member of the BAT Group. Work has started for completion by the end of the year.

Tarmac builds for Volvo Trucks

Contracts worth nearly £18m have been awarded to TARMAC CONSTRUCTION. At Warwick the company is building a £2.4m administrative headquarters for Volvo Trucks (Great Britain), scheduled for completion in just over a year. At Rocester, Staffordshire, a £2.2m contract is for designing and rebuilding part of J. C. Bamford Excavators factory, due for completion in about ten months. Other projects include refurbishing existing and building offices in Glasgow, for Sheraton Calthrust (Blythswood) (£1.6m); building three-storey and two-storey linked offices at St Alban's, for Burton Property Trust (£900,000); repairing a viaduct at Swansea, for West Glamorgan County Council (£806,000) fitting-out existing bank premises at Cheltenham, for the Royal Bank of Scotland (£600,000); and alterations and fitting-out shop premises at Southport, for The Catalogue Shop (£456,000).

A number of contracts have been awarded for repairing and modernising local authority-owned homes. The largest are for work on homes at Farnborough, Hampshire (£2.6m); Wolverhampton (£1.7m); and Birmingham (£1.5m). Others are at Wallasey (£808,000); Derby (£687,000); Leeds (£671,000); Sheffield (£492,000); and Bradford (£340,000).

European trade mark office bid

TAYLOR WOODROW CONSTRUCTION has started work on a £22m office development at St Katharine-by-the-Tower, London, E1, which is the British Government-backed bid for the location of the new European Trade Mark Office. The 9,000 sq metres, development at Harrisons Wharf, on the banks of the River Thames, is being built for completion in February 1989.

The development is one of four sites for the new trade mark office under consideration by the EC. The others are in Madrid, The Hague, and Munich.

Taylor Woodrow Construction has been working since January on preparatory river works in readiness for the start of construction. This includes building a river wall across a tidal dock, infilling the dock, repairing and raising an adjacent 19th century river wall and constructing a campshed to provide drying mooring for Thames sailing barges or other craft.

Harrisons Wharf office devlopment will be low-rise, of three, four and five storeys. The steel-framed building will have Portland stone and brickwork cladding. Services include four automatic high-speed passenger lifts, raised floors for the accommodation of communication systems, suspended ceiling, solar reflective double glazing, 24-hour access and security, with ample car parking, together with a building and energy management system. There will also be a waterside piazza overlooking the campshed.

Haden Young wins order worth £36m

Second quarter successes for HADEN YOUNG have exceeded £36m. Included are £17.6m orders for City of London banking and financial sector clients. Other contracts in London and the south east are a multiservices design and construction project for the new Woolwich Building Society headquarters (£2.3m), a £900,000 mechanical services design and construct contract for the Esperance Hospital, Bournemouth, and a mechanical refurbishment contract for the London Borough of Lewisham's housing improvements scheme valued at £1.9m. In the North and Midlands successes include a £2.8m mechanical contract for the Northern Regional Health Authorities General Hospital in South Shields; £900,000 of mechanical work for Horton Estates Commercial office development in Birmingham, several RAF contracts for mechanical services amounting to £1.1m, and a heating, ventilating and process services contract for Metal Box in Worcester, £900,000.

Hostel for 60 agricultural students

MILLER CONSTRUCTION has won a £1m contract to build a hostel for 60 agricultural students at Oatridge Agricultural College in West Lothian, which is run by Lothian Regional Council. Each student will have a bedroom, groups of 15 will share a kitchen and lounge and there will be one large common room shared by all residents. The two-storied hostel will be built on four sides of a courtyard, reached through traditional arches. Completion is scheduled for August 1988. Miller Construction has a £1.2m contract to rebuild and improve facilities destroyed by fire in February last year at the Isle of Skye Hotel, Perth. The work includes 33 new bedrooms, function suite, conference rooms and cocktail bar, and will be completed in 12 months.

★

J. M. JONES & SONS has won a £2.6m contract to build a two-storey hi-tech development at Watchmead, Welwyn Garden City. The 41week project totals about 5,530 sq metres of space and involves construction of three blocks each containing two units. The company has won two contracts totalling £2.5m at Station Road, Langley, for Rehau Plastics, and at Barwell Trading Estates, Chessington, for Ransom and Luck. The £1.6m Langey contract is to build a two-storey office and warehouse development, with a contract period of 35 weeks. In Chessington, J. M. Jones & Sons has won a £850,000 contract to construct eight two-storey industrial and office units, including parking for 73 cars, with a contract period of 30 weeks.

★

HENRY BOOT is to build a single-storey sterilising and disinfecting unit and a two-storey operating theatre block at St Peter's Hospital in Chertsey, Surrey, under a £2.75m two-year contract which starts next month. Work has started on a 30-week £650,000 refurbishment programme at Rutland House, Edmund Street, Birmingham, for Edge and Ellison, Hatwell Pritchett & Co.

Business for Sale

DIARY DATES

Finance

YESTERDAY

DIVIDEND & INTEREST PAYMENTS—
Allnatt London Props 10½pc1stMtgDb 1994-99 5¼pc
Amdahl Corp 5cts
Atkins Bros (Hosiery) 5½pcCumPf 1.925p
Bankers Inv Tst 0.36p
Berry Trust 4¼pcCnv Un Ln 1993 2.125pc
Central London Gtg Asstd 2pc
Combined English Stores 8½pc Un Ln 1986-91 4¼pc
DAB Invs 57.5cts
Danae Inv Tst 3.504p
Derby Tst 4.7524p
Dowty Group 7pc Ln Ln 1986-91 3½pc
Ecclesiastical 13pcDb 2018 6½pc
Evode Group 8pc Cnv Un Ln 2003-08 4pc
Excalibur Jewellery 11.5pc Cum Pr 5.75p
Foster (John) 9pc Un Ln 1988-92 4½pc
Gibbons Lyons 7pc Cum Cnv Red Pf 1.7452p
Grahams Rintoul Pfd 4.2p
Great American First Savings Bank 15cts
Hanover Druce 6.75pc Cnv Cum Red Prf 3.375p
Johnson and Firth Brown 11pcLn 1993-1998 4.58pc
Kynoch (G. and G.) 6pc Red Cum Pr 3p
London and Strathclyde 5pc Cum Prf 1.75p
M and G Gold and General Fund 0.35p
Microsystems Group 1p
Moorgate Inv Tst 11.5p
New Court Tst 7¼pc Db 1986-91 3⅝pc
Next 7pc 1st Mtg Deb 1986-91 3½pc. 7¼pc 1st Mtg Deb 1987-92 3⅝pc
Ogilvy Group 21cts
Parkland Textile 4.2pc Cum Pf 2.1p
Pavion Intnl 11pc Cnv Un Ln 1993-2002 5½pc
Pillsbury 25cts
RPH 7⅝pc Un Ln 1987-92 3[illegible]pc. 4½pc Un Ln 2004-09 2¼pc. 9pc Un Ln 1999-2004 4½pc. 8pc Db 1992-96 4pc
STC Intnl Computers 6pc Db 1983-88 3p
Second Market Inv 2½pc Cnv Un Ln 1994 0.815pc
Tilling (Thomas) 8pc Db 1985-90 4pc
TransNatal Coal 12.7pc Un Sub Comp Cnv Db 6.35pc
Triplevest 7⅝pcDb 1987-91 3[illegible]pc
Widney 0.4p
Wormalds, Walker and Atkinson 9pc Un Ln 1986-91 4½pc

TODAY

COMPANY MEETINGS—
Broux Engineering, Minster House, Arthur Street, EC, 2.30
Drummond Group, Norfolk Gardens Hotel, Bradford, 12.00
Sekers Intnl, Connaught Rooms, Great Queen Street, WC, 12.00

BOARD MEETINGS—
Finals:
Automagic
Lovell (G.F.)
Interims:
Beattie (James)
Bredero Properties
Eucalyptus Pulp Mills
Executex Clothes
Hartons
Ipeco
Macfarlane (Clansman)
Pickwick
SelecTV
Squirrel Horn
Taylor Woodrow
Templeton Galbraith & Hansberger

DIVIDEND & INTEREST PAYMENTS—
Abaco Invs 6¾pc1stMtgDb 1987-92 3.375pc
American Brands 52cts
American General Corpn 31.25cts
Assoc British Foods 5.1p
Blue Circle Industries 6pcDb 1988-93 3pc. 7pcDb 1988-93 3½pc
British Rayophane 5.25pcPf 2.625p
Bruntcliffe Invs 7pcPf 2.45p
Buffalo & Lake Huron Railway 5½pc1st Mtg PerpBds 2¾pc. 5½pc2ndMtgPerpBds 2¾pc
Burndene Invs 1.5p
Chloride Grp 1.0p
Clarke, Nickolls & Coombs 8½pcLn 1987-1992 4¼pc
Coloroll Grp 3.46p
Corp of London 3½pcDb 1983-93 1¾pc
Daniell & Sons Breweries 4pcCDb 2pc
East Surrey Water 2.8pc Pre-Pf 1.4pc. 10pcDb 1997-99 5pc. 7pcDb 1989-91 3½pc. 7pcDb 1990-92 3½pc. 4pcDbIrrd 2pc. 7¼pcDb 1991-93 3⅝pc
East Worcestershire Waterworks 7pcMax 35p. 3.85pcPf 1.925p. 3.5pcMax 1.75p. 2.8pc (1935) Pf 1.4p. 2.8pc (1941) Pf 1.4p
Electric & Gen Inv 9pcDb 1989-94 4.5pc
Electrocomponents 5.2p
Fleming Fledgeling Inv Tst 1p
Fleming Mercantile Inv Tst 3½pcDb 1960-1995 1¾pc
Ford Motor 75cts
IU Intnl 15cts
Ingersoll-Rand 26cts
Intnl Income Property 26cts
Investment Co 0.8p
Ireland (Republic of) 9¼pc 1991-96 4⅝pc
London County 3pcCons 1920 (or after) 1½pc. 2½pcCons 1920 (or after) 1¼pc
Low & Bonar 6pc1stCumPf 2.1p. 6pc2nd CumPf 2.1p. 5½pc3rdCumPf 1.925p
Lucas Industries 6¼pc1stPf 2.1875p
March Grp 1.68p
Mecca Leisure Grp 1.5p
Metropolitan Water 3pcB 1934-2003 1½pc
Oldham Met Borough Council 11.25pc 2010 5⅝pc
Peninsular & Oriental Steam Nav 3½pcDb 1¾pc. 3½pc2ndDb 1¾pc
Port of London Authority 6½pcReg 1987-1990 6½pc
Redland 5pcPf 2.5p
River Plate & Gen Inv Tst5pcPfd 1.75p
Ryman Grp 1.4p
Sainsbury (J) 8pcIrrdLn 4pc
Salford Corp 5½pc 1984-88 2¾pc
Schneiders (S) 6pcPf 2.1p
Scottish Agric Sec Corp 5½pcDb 1986-88 2¾pc
Scottish Mortgage & Tst 5pcPf 1.75p
Spillers 7¼pcDb 1984-89 3⅝pc
Stonehill Hldgs 10½pcPf 5.25p
Tarmac 6¾pcDb 1989-94 3⅜pc. 6¾pcDb 1989-94 3⅜pc. 7½pcDb 1992-97 3¾pc
Television South 3.5p
Tendring Hundred Waterworks 5.6pcMax 28p. 3.5pcMax 17.5p. 5.6pcMaxPfd 28p. 2.8pcPf 14p. 4.2pcPf 21p
Texas Eastern Corp 25cts
Transcanada Pipelines 16¼pc1stMtgPipe LineBds 2007 8⅛pc
Travis & Arnold 8pcLn 1987-93 4pc
Treasury 14¼pcLn 1994 7⅛pc. 8¼pcLn 1997 4⅛pc. 8¼pcLn 1997B 4⅛pc
USLIFE Corpn 30cts
Union Carbide Corp 37.5cts
Utd Mexican States 16½pcLn 2008 (Reg) 16½pc
Wassall (J W) 1p
West Kent Water 3.5pcCons 1.75pc. 2.5pc Pf 14p. 3.15pcPf 7.875p
Whitbread 6¾pcDb 1984-87 3.375pc
Witan Inv 8pcDb 1995-99 4pc
Wrexham & East Denb Water 9pcPf 1987-1989 4½pc

TOMORROW

COMPANY MEETINGS—
Anglo Nordic Hldgs, Howard Hotel, Temple Place, Strand, WC, 12.00
Astra Hldgs, Great Eastern Hotel, Liverpool Street, EC, 11.00
Hollas Group, Windsor House, Southmoor Road, Wythenshawe, Manchester, 9.30
Lister, Manningham Mills, Bradford, 12.30
Michael (John) Design, Business Design Centre, Upper Street, Islington Green, N, 12.00
Syltone, Post House Hotel, Leeds Road, Bramhope, 2.30

BOARD MEETINGS—
Finals:
Coronation Syndicate
Sheldon Jones
Tweefontein United Collieries
Interims:
Abbeycrest
BAT Inds.
Bedford (William)
Brammer
Bunzl
CRH
Edinburgh Financial Tst.
Guardian Royal Exchange
Hillsdown
Quick (H & J)
Ropner
Slough Estates
Southampton IOW & SOE Ryl Mail Stm Pkt
Stat-Plus
Sun Alliance
Wates City of London Properties
Williams Hldgs.
Wilson (Connolly)

DIVIDEND & INTEREST PAYMENTS—
Anglo and Overseas Tst 2.6p
M and G Dual Tst 17.55p
Union Discount Co of London 17p

THURSDAY SEPTEMBER 3

COMPANY MEETINGS—
BBB Design, Great Eastern Hotel, Liverpool Street, EC, 12.00
Brookmount, Howard Hotel, Temple Place, Strand, WC, 12.00
Carclo Engineering, Queens Hotel, Leeds, 3.00
Gibbs Mew, Parish Lantern, Whiteparish, Wilts, 4.15
Hampton Tst, Portman Inter-Continental Hotel, Portman Square, W, 12.00
Israel (Jack L.), Connaught Rooms, Great Queen Street, WC, 10.30
NMC Invs, Honourable Artillery Company, Armoury House, City Road, EC, 12.00
Russell (Alexander), Royal Scottish Automobile Club, 11, Blythes Wood Square, Glasgow, 12.00

BOARD MEETINGS—
Finals:
Bracken Mines
Kleinwort Benson Intnl Inc Bond Fund
Leslie Gold Mines
Personal Computers
Raglan Property Tst
Unisel Gold Mines
Winkelhaak Mines
Interims:
Anglo American Gold
British Printing & Communication Corp
Cadbury Schweppes
European Home Products
Federated Housing
Frost
Godwin Warren Control Systems
Great Southern
Halls Homes & Gardens
Lambert Howarth
Metal Closures
Morgan Grenfell
Newage Transmissions
Pentos
Portals
Sharpe & Fisher
Wayne Kerr
Wickes

DIVIDEND & INTEREST PAYMENTS—
Conversion 9pc 2000 4½pc
Cosalt 1.5p
Fenner (J. H.) 2.8p
Inco 5cts
Israel (Jack L.) 0.8p
Lowe (Robert H.) 1p
Russell (Alexander) 1.22p
Triplex 2.5p

FRIDAY SEPTEMBER 4

COMPANY MEETINGS—
BOM Hldgs, Connaught Rooms, Great Queen Street, WC, 10.00
CASE Group, Caxton Way, Watford Business Park, Watford, 12.00
GEC, Dorchester Hotel, Park Lane, W, 12.00
Goodman Bros, Westbury Hotel, Conduit Street, W, 12.00
Hewetson, Post House Hotel, The Marina, Castle Street, Hull, 11.30
Joseph (Leopold), Haberdashers Hall, Staining Lane, EC, 12.15
Marston, Thompson and Evershed, Albion Hotel, Shobnall Road, Burton-on-Trent, 12.00
Reed Executive, Castle Hotel, High Street, Windsor, Berks, 3.00
Smith New Court, Institute of Chartered Accountants, Moorgate Place, EC, 12.15
Zetters, Clerkenwell Conference Centre, Clerkenwell Green, EC, 10.00

BOARD MEETINGS—
Finals:
Jebsens Drilling
Second Alliance Trust
Interims:
Bestwood
Blue Circle Inds.
Elys (Wimbledon)
Gibbs & Dandy
Sedgwick

DIVIDEND & INTEREST PAYMENTS—
Alcan Aluminium 18cts
BBB Design Grp 1.5p
BFG Finance Fltg Rate Nts 1996 $190.06
Brookmount 2.7p
Carclo Engineering 14.35p
Cowie (T) 3p
Creighton Laboratories 2.5p
Devenport Knitwear 5.03p
Gillette 19cts
Hunterprint Grp 2.75p
Laidlaw Grp 1.6p
Lloyd (F H) Hldgs 1p
Sturge Hldgs 3p

SATURDAY SEPTEMBER 5

COMPANY MEETINGS—
VSEL Consortium, Civic Hall, Barrow-in-Furness, 11.00

DIVIDEND & INTEREST PAYMENTS—
Blue Circle Inds 9pcDb 1992-97 4½pc
Joseph (Leopold) 10.81p
RJR Nabisco 48cts
Smith New Court 6p

SUNDAY SEPTEMBER 6

DIVIDEND & INTEREST PAYMENTS—
Bank of Greece 10¾pcLn 2010 5⅜pc
Dares Estates 8pcLn 1992-97 4pc
IMI 7¼pcLn 1986-91 3⅝pc
Joseph (Leopold) 9¼pcLn 1997-2002 4.625pc
Redland 7⅛pcDb 1990-95 3⅝pc
Watney, Mann & Truman 7¼pcLn 1994-1999 3.625pc. 8pcLn 1990-95 4pc
Whitbread 9¼pcDb 1991-96 4⅝pc
Yorkshire Chemicals 10pcDb 1991-96 5pc

Trade fairs and exhibitions: UK

Current
Scottish Industry and Commerce Trade Fair (0202 767073) (until September 1) — Scottish Exhibition Centre, Glasgow

September 2-4
IBM System User Show and Conference (01-608 1161) — Olympia

September 4-6
Money Show (0895 58431) — Aberdeen

September 6-10
Autumn Gifts Fair (01-855 9201) — Olympia

September 8-11
Offshore Europe Exhibition and Conference (01-549 5831) — Aberdeen

September 8-19
Chelsea Antiques Fair (04447 2514) — Old Town Hall, Chelsea

September 14-18
International Welding, Cutting and Metal Fabrication Exhibition — WELDEX (021-705 6707) — NEC, Birmingham

September 20
Antiques Fair (01-883 7061) — Alexandra Palace

September 26-October 1
Automotive Trade Show (01-235 7000) — Earls Court

September 27-30
Harrogate Fashion Fair (01-637 2400) — Harrogate Exhibition Centre

September 29-October 1
Fashion Fabrex Exhibition (01-385 1200) — Olympia

October 1-3
"Building a Better Britain" Exhibition (01-724 5012) — Business Design Centre, London

Overseas

Current
International Post and Telecommunications Exhibition — SINOPOSTOL (01-891 6451) (until September 3) — Shenzhen

September 3-6
Specialised Fair for Clocks, Watches and Jewellery — JUWELIA (01-977 4851) — Vienna

September 6-9
International Exhibition of Sports Goods and Leisure Equipment (01-225 5566) — Paris

September 6-12
International Autumn Fair (01-240 7013) — Leipzig

September 8-13
International Computer Technology and Communication Equipment Exhibition — TELECOMP (01-481 1951) — Beijing

September 21-24
International Hotel and Catering Fair—IGAFA (01-486 1951) — Munich

September 21-25
International Industrial Maintenance and Cleaning, Municipal Refuse Disposal and Destruction etc Trade Fair (01-741 4437) — Amsterdam

September 29-30
Display and Incentives Exhibition (Dublin 900600) — Dublin

October 6-10
Machine Tools Exhibition—FINNTEC (01-486 1951) — Helsinki

Business and Management Conferences

September 7-8
IBC: Broadcast radio into the '90's (01-236 4080) — London Press Centre, EC4

September 10
The Institute of Directors: Expansion through franchising (01-839 1233) — 116 Pall Mall, SW1

September 10-11
Financial Times: World Motor (01-621 1355) — Frankfurt

September 10
Tolley Publishing: Your company pension scheme—time for action (01-680 5682) — London Press Centre, EC4

September 15-16
Euromoney: Short term and medium term financing alternatives (01-236 3288) — St Regis Sheraton, New York

September 16
IRRG: Financial services—today and tomorrow (01-236 2175) — The Brewery, EC2

September 18
The Economist: The privatisation of the water industry (01-839 7000) — Marriott Hotel, London

September 20-22
Metal Bulletin Conferences: Turkey's industrial minerals (01-330 4311) — Istanbul

September 21-23
The Third International Asia-Pacific Petroleum conference (Singapore 7349385) — Singapore

September 24
Tolley Conferences: Payroll manager's review—first annual updating (01-680 5682) — London Press Centre, EC4

September 24-25
The Economist: Asian investment outlook: analysing the trends and assessing the opportunities (01-839 7000) — Grand Hyatt Hotel, New York

September 25
Institute of Directors: Beating the competition — strategies of success in the 1990s (01-839 1233) — 116 Pall Mall, SW1

September 29
Information for Energy Group: Energy statistics (01-636 1004) — 61 New Cavendish Street, W1

September 29-30
Acquisitions Monthly/Business Research International: How to buy and sell companies (01-637 4383)

September 30
I. P. Sharp Associates: Market opportunities for stock lending and the role of technology (01-222 7033) — Stationers Hall, EC4

September 29-October 2
RDMP: EPoS with EFTPOS congress and exhibition in retailing and distribution (0273 203581) — Barbican Centre, EC2 — Hotel Inter-Continental, W1

October 4-9
IPM: Selecting managers — advanced interviewing and assessment skills (01-946 9100) — Bristol

October 12-13
Longman Seminars: 7th annual UK tax congress—Today's tax traps and how to avoid them (01-242 4111) — Kensington Town Hall, W8

October 15
IBC: The integration and integrity of financial trading systems (01-236 4080) — London Marriott Hotel

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no changes in the details published.

APPOINTMENTS

Senior posts at Standard Life

THE STANDARD LIFE ASSURANCE COMPANY has made the following promotions at its head office in Edinburgh. Mr Sandy Skinner has been promoted to deputy general manager (administration). He was an assistant general manager. Mr David Fotheringham and Mr David Hoskins have been promoted to assistant general manager (administration). Mr Fotheringham was administration manager and Mr Hoskins was information services manager in systems department.

★

Mr Jeffrey Jenner has joined COMPUTATIONS STRUCTURED SYSTEMS (UK) as managing director. He joins from Comshare. Mr Roy Stew, who established the UK company, becomes managing director of the newly-formed Computations B.V., which will cover continental Europe.

★

Dr Aylmer Ingram Lenton has been appointed to the board of the CROWN AGENTS for Overseas Governments and Administrations and the Crown Agents holding and realisation board. He retired last month as chairman of Bowater Industries.

★

LOCAL LONDON GROUP has made the following appointments: Mr Terry Holden becomes managing director of Local London Properties. Mr John McAvilley has been made managing director of Local London Business Centres. Miss Diana Harford and Miss Angela Fels have also been appointed to the board of Local London Business Centres.

★

BEATSON CLARK has appointed Mr Laurence D. G. Hill and Mr David H. Probert as non-executive directors. Mr Hill is chairman of Mentech (formerly Mercantoil) and of Ashlindon Holdings, and deputy chairman of Redland Medical. Mr Probert is chairman of W. Canning, a deputy chairman of the Crown Agents board, and non-executive director of Linread and Sandvik.

★

At FASCO EUROPE Mr Bob Schwager, who spent the past two years setting up the European operation for the parent company, Paxar Corporation, New York, has returned to the US where he has joined the corporate board as vice-president, operations. Mr Brian Butters has become managing director of the company's European headquarters, at Runcorn. He was marketing director of Warrington Runcorn Development Corporation.

★

JACKSON PROPERTY SERVICES has appointed Mr Peter Knight as managing director. This follows Mr Alan Robinson's move to the joint chairmanship of the group. Mr Knight was group development and marketing director.

★

Mr Sandy Macpherson has been appointed managing director of TILHILL FORESTRY and Mr Malcolm McAllister has been appointed managing director of BOOKER FARMING. Both are part of Booker's UK agribusiness.

★

Mr Frank Baldrey has been appointed chairman of THOMSON ENGINEERING & MANAGEMENT, and its subsidiary companies. He is a director of NOWSCO companies, Forgemasters and Technicare International.

★

Mr Graham Duncan was elected chairman of the CABLE TELEVISION ASSOCIATION and Mr Christopher Yates, deputy chairman. Mr Duncan is managing director of Aberdeen Cable Services and Mr Yates is chief executive of Cabletel Communications.

★

BARBARA ATTENBOROUGH ASSOCIATES has appointed Mr Philip Warburton as a non-executive director of the main board. He will be responsible for the financial management of the company's day-to-day business activities. He was, until recently, a partner in Hope Agar. He is now a founding partner of Brannans, and will be specialising in the provision of management and financial services.

WORLD STOCK MARKETS

AUSTRIA

Aug. 31	Price Sch%	+ or −
Creditanstalt	2110.00	+10
Goesser	3075.00	−15
Interunfall	2340.00	−9990
Jungbunzlauer	8710.00	−20
Laenderbank	1950.00	+20
Perlmooser	702.00	−8
Steyr-Daimler	124.00	−1
Veitscher Mag	840.00	+40

BELGIUM/LUXEMBOURG

Aug. 31	Price Frs.	+ or −
B.B.L.	3330	−20
Banque Gen. Du L.	4875	−10000
Bank Int. A	4900	−10000
Bekaert B	12225	−275
Ciment CBR	6300	−10
Cockerill	178	−1
Colruyt	11625	+25
Delhaize	4500	−50
EBES	5040	−70
Fabrique Nat	1530	−10
GB Inno BM	1398	+22
GBL (Brux) L	4350	−20
Generale Bank	6550	−10
Gevaert	8980	−20
Hoboken	8800	+50
Intercom	4050	−60
Kredietbank	4720	−55
Pan Holdings	3400	−10000
Petrofina	13975	......
Raffinerie Tirle	1810	......
Royale Belge	6200	−70
Soc Gen Belge	4000	+10
Sofina	15475	−225
Solvay	14600	+75
Stanwick Intl.	550	......
Tractebel	8250	−30
UCB	11100	−100
Wagons Lits	5780	−70

DENMARK

GERMANY

Aug. 31	Price Dm.	+ or −
AEG	342	−3.5
Allianz Vers	2085	+20
BASF	341.50	+0.4
Bayer	359	+2
Bayer-Hypo	512	+1
Bayer-Verein	494	−2.5
BHF-Bank	473	−2
BMW	782.50	+0.5
Brown Boveri	351	+5.5
Commerzbank	299.50	−0.3
Cont'l Gummi	368	−1
Daimler-Benz	1136	−0.5
Degussa	536.10	+1.1
D'sche Babcock	237	−1
Deutsche Bank	695.50	+1.3
Dresdner Bank	359.50	+1.3
Feldmuehle Nobel	330	−3
Henkel	585	+7.5
Hochtief	715	−15
Hoechst	333.30	+1.3
Hoesch Werke	132.50	−2.5
Holzmann (P)	445	−12.8
Horten	241	−1
Hussel	669	+3.5
Karstadt	566	−1
Kaufhof	512	+7.5
KHD	192	−1
Kloeckner Werke	147	−2
Linde	760	−9
Lufthansa	185	−1
MAN	199	−2.5
Mannesmann	178.50	−3.5
Mercedes Hld.	999	−3
Metallgesell	361	+1.5
Muench Rueck	2040	......
Nixdorf	847	+2
Porsche	985	−10
Preussag	201.50	−0.5
Rhein West Elect.	255.30	−2.9
Rosenthal	280.20	−6.8
Schering	610.50	......
Siemens	663.70	+0.6
Thyssen	138.60	−1.2
Varta	377.50	+5.5
Veba	320.20	+1.2
V.E.W.	174.50	+0.5
Verein-West	462.00	......
Volkswagen	399	−4

FINLAND

FRANCE

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices August 31

MONTREAL

Closing prices August 31

Total Sales 8,943,088 shares

Indices

NEW YORK — DOW JONES

	August 31	August 28	August 27	August 26	August 25	August 24	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,662.95	2,639.35	2,675.06	2,701.85	2,722.42	2,697.07	2722.42 (25/8/87)	1927.31 (2/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Transport	1,080.85	1,062.04	1,075.47	1,084.43	1,081.41	1,088.17	1101.16 (14/8)	819.38 (2/1)	1101.16 (14/8)	12.32 (8/7/32)
Utilities	207.44	205.81	207.58	208.45	209.82	208.75	227.83 (22/1/87)	181.38 (20/5)	227.83 (6/4/87)	10.5 (8/4/32)
Trading vol	—	158.33m	163.98m	196.18m	214.462m	158.867m	—	—	—	—

	August 21	August 14	August 7	Year Ago (Approx)
Ind Div Yield %	2.52	2.54	2.62	3.59

STANDARD AND POORS

	August 31	August 28	August 27	August 26	August 25	August 24	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	385.98	382.45	387.28	389.91	393.17	389.86	393.17 (25/8)	274.58 (2/1/87)	393.17 (25/8)	3.62 (21/6/32)
Composite	329.80	327.04	331.38	334.57	336.77	333.33	336.77 (25/8)	246.45 (2/1/87)	336.77 (25/8)	4.40 (1/6/32)

	August 26	August 19	August 12	Year Ago (Approx)
Ind div yield %	2.22	2.25	2.33	2.90
Ind. P/E Ratio	24.10	23.89	23.82	18.62
Long Gov Bond Yield	8.83	8.83	8.86	7.71

N.Y.S.E. ALL COMMON

August 31	August 28	August 27	August 26	1987 High	1987 Low
184.45	182.95	185.25	186.84	187.61 (21/8)	141.01 (21/1)

RISES AND FALLS

	August 28	August 27	August 25
Issues traded	2,080	1,975	1,981
Rises	483	530	681
Falls	1,217	1,034	804
Unchanged	380	411	496

TORONTO

	August 31	August 28	August 27	August 26	1987 High	1987 Low
Metals & Minls	3,188.8	3,143.9	3,191.2	3,287.2	3,483.6 (4/8/87)	1,888.2 (2/1/86)
Composite	3,983.7	3,975.4	3,985.2	4,008.9	4,112.9 (13/8)	3,067.8 (2/1/86)
MONTREAL Portfolio	1,982.85	1,985.31	1,982.85	1,994.35	2,224.77 (16/7/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Ohio Edison	10,654,580	22⅛	unch
Pub Ser Enter	4,410,880	25⅝	+ ⅛
United Illumin	2,610,700	25	unch
Newmont M'ng	1,744,200	91⅜	+ 9⅛
AT&T	1,680,200	33⅜	+ ⅜
General Elec	1,319,200	62⅜	+ ¼
IBM	1,302,300	163⅜	+ 2⅛
National Semi	979,600	15⅛	+ ⅛
USF&G	963,200	40⅝	+ ⅛
Amer Express	945,200	31⅛	+ ⅜

	Aug. 31	Aug. 28	Aug. 27	Aug. 26	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2150.2	2163.1	2155.5	2121.1	2163.1 (28/8)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1346.1	1375.4	1375.4	1347.2	1453.3 (4/8)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	214.30	213.09	213.57	213.25	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5321.70	5339.55	5335.40	5339.50	5415.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	216.66	(u)	219.76	219.76 (27/8)	189.64 (6/1)
FINLAND						
Unitas General (1975)	620.5	617.0	622.8	624.9	627.9 (21/8)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	428.70	426.0	425.50	420.70	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	111.00	110.40	110.40	109.5	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	655.19	655.29	650.37	655.21	676.84 (6/1)	538.32 (19/5)
Commerzbank (1/12/53)	2015.90	2013.5	2000.80	2019.10	2061.10 (17/8)	1633.8 (19/5)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	3611.74	3583.33	3526.26	3611.74 (28/8)	2449.86 (20/1)
ITALY						
Banca Com. Ital (1972)	628.02	619.87	614.13	601.12	767.34 (30/4)	595.99 (25/8)
JAPAN **						
Nikkei (16/5/49)	26029.22	25974.96	25968.78	25875.74	26048.17 (29/8)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2154.26	2157.48	2163.50	2159.41	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	318.00	321.20	323.00	325.30	334.10 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	268.10	270.20	271.90	274.60	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	535.83	532.63	528.75	514.38	539.47	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1453.93	1482.70	1494.42	1505.40	1505.40 (26/8)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2325.0	2356.0	2341.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	2221.0	2215.0	2208.0	2226.0 (14/8)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	312.96	308.82	302.45	295.86	312.96 (31/8)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	3000.0	3034.20	2994.10	3018.70	3057.80 (24/8)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	674.00	672.50	670.90	674.20	685.00 (14/8)	558.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	(u)	493.30	495.90	494.3	495.90 (27/8)	361.3 (2/1)

**Saturday August 29: Japan Nikkei: 26048.17.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

TOKYO — Most Active Stocks
Monday, August 31, 1987

	Stocks Traded	Closing Prices	Change on Day
Nippon Steel	172.53m	385	− 1
Kawasaki Steel	121.32m	328	+ 2
Sumitomo Metal	38.43m	1,020	− 36
Furukawa Denko	27.66m	953	− 5
Mitsubishi Heavy Ind	26.27m	633	− 5
Nisshin Steel	25.54m	590	− 6
Sumitomo Chem	25.44m	874	+ 9
Tokuyama Soda	14.17m	882	+ 49
Mitsubishi Metal	19.12m	949	+ 4
Gunze Ltd	18.70m	1,310	+ 70

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 33

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued on Page 31

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

IBM recovery signposts way to rally

WALL STREET

A RALLY was established by Wall Street stocks yesterday after a week in which blue chips had come under their strongest selling pressure this year, *writes Gordon Cramb in New York.*

The Dow Jones industrial average closed 23.60 higher at 2,662.95. Volume was a moderate 165.35m shares, with 1,005 issues advancing and 590 going down. The NYSE composite index reflected the broader trend with a 1.46 gain to 184.45.

Credit markets joined in after a nervous start despite minimal intervention by the Federal Reserve which began to raise fears of higher prime rates.

IBM, the equity market leader, regained poise after losing as much as $8 last week as some analysts lowered their earnings expectations. It rallied $1⅞ to $168⅜. On the Nasdaq market Intel eased $¼ to $52¾ following the reduction in IBM's stake on Friday and Intel's unveiling yesterday of a second generation of IPSC-2 supercomputers.

National Semiconductor was up $⅞ to $15½, responding well to terms of its Fairchild purchase from Schlumberger, itself $1⅛ better at $47⅝.

Hewlett-Packard put on $2⅜ to $66¼ amid its plans for two new industry-standard portables. Digital Equipment also showed strongly, advancing $2⅛ to $189⅞.

Newmont Mining powered $9½ ahead at $92 as Mr T. Boone Pickens and his associates closed in on the company with a mooted $95-a-share offer. Homestake, the only US mining company larger than Newmont, was unmoved at $43. Freeport McMoRan slipped $⅝ to $26⅞.

Triton Energy at $23 shed $¾ despite word from Mr Ron Brierley, the New Zealand entrepreneur, that he may lift his holding. Elsewhere in the oil and gas sector Exxon added $1⅛ to $99⅝, Atlantic Richfield was $1⅛ higher at $94⅞ and Phillips Petroleum was flat at $17⅞.

Vulcan Materials, which makes chemicals and building products, was $3 weaker at $154, extending a $1½ loss on Friday, although the shares remain near their $164 year's high. USG at $45 was $1⅜ ahead while Fluor, after agreeing the sale last week of St Joe Gold, improved $⅜ to $19⅜.

The Detroit automotive groups provided a mixed pattern as the current wage round continued its course. General Motors on $92½ was up $2¼, and Ford, although it was made the focus of the bargaining process for this year, picked up $¾ to $108. Chrysler was $¼ easier at $44⅞ after weekend comment that it might have to step up incentive offers next year to meet intensifying competition.

Reebok, the sports shoe leader, recovered $1⅛ to $22⅛. It was sold down late last week after the company warned of an impact on earnings from strikes in South Korea where it produces. Reebok is meanwhile paying $60m for Ellesse of Italy.

American Home Products picked up $1¾ to $93¾. It is paying $7 a share for VLI, a maker of contraceptive sponges. In over-the-counter trading VLI gained $1⅛ to $6.

Washington National, a life and health assurance group, jumped $4⅜ to $37⅞. Although the company has been listed in the past as a takeover potential, it said yesterday it knew of no reason for the activity. Geico, which has life, property and casualty interests, dropped $1 to $122 after being $3½ down.

In the financial sector Security Pacific dipped $½ to $42⅜ it is to move into Canadian broking through a deal with Burns Fry. Citicorp was $⅝ lower at $62⅞.

Securities houses were not much heartened by the better equity market tone. Salomon at $34⅛ shedded down $⅛ although American Express, parent of Shearson, put on $⅝ to $37⅛. Merrill Lynch was $⅝ firmer at $39⅝.

Credit markets staged an afternoon comeback as federal funds edged back down to an opening 6⅞ after again touching 7 per cent. Earlier the rate did not respond to $1.5bn in customer repurchases offered by the authorities, a less active involvement than operators had been seeking in view of a funds rate at the top of its recent range.

Three-month Treasury bills managed to trade five basis points lower at a 6.42 per cent yield, and the 2017 long bond was ³⁄₁₆ stronger after a morning loss of the same amount. At 97⅞ it yielded 9.15 per cent.

CANADA

METALS, mines and blue chips helped share prices in Toronto shake off the sharp retreat on Friday.

Non-precious metals dominated *volume leaders, with Alcan firming* C$⅛ to C$42⅜, Inco gaining C$¼ to C$26⅞ and Noranda adding C$½ to C$34¼.

Cominco rose C$½ to C$21 as striking workers reached a tentative contract settlement on Friday.

Blue chips also fuelled the market's advance. Canadian Pacific rose C$⅜ to C$27⅛ as the Canadian Government last week legislated striking railway employees back to work. Northern Telecom gained C$½ to C$30.

Banks were stronger. Toronto Dominion improved C$⅜ to C$32, Bank of Montreal edged up C$¼ to C$32½ and Bank of Nova Scotia firmed C$⅛ to C$17⅜.

Properties also joined in the advance. Campeau Corp rose C$⅜ to C$30, and Cadillac Fairview added C$¼ to C$31¼.

David Barchard looks at plans for a compulsory savings fund

Istanbul gets a helping hand

THE TURKISH Government plans to create a new savings and investment fund to be used on Istanbul's young but thriving stock market.

Legislation setting up the fund, which will be modelled on the Singapur Provident Fund, is being drafted and is likely to be put before parliament by the end of the year.

The scheme would involve a compulsory deduction from the salaries of wage earners and the resulting funds would be matched by the Government to be used for stock market investments in the private sector. The fund would be legally precluded from supplying funds to public-sector projects or buying Treasury bonds though it will be permitted to buy corporate bonds.

The fund is expected to amount to TL1,000bn ($1.1bn) and will thus have a massive impact on Turkey's infant stock exchange where only about $2.5m is traded on a busy day.

The name of the fund is likely to be Accounts for the Promotion of Savings Fund, and it is to be managed by the Public Participations Fund – one of the extra-budgetary bodies which Prime Minister Mr Turgut Ozal set up after taking office in 1983.

There have been forced savings schemes in Turkey before, and most have been both unpopular and unsuccessful. In this case the Government says it will promise investors an annual income from their savings which will keep step with inflation and they will also be allowed to purchase any of the equities held by the fund, if they chose to do so.

Employers will not be expected to make contributions to the fund as the Government feels that payroll contributions are already heavy.

Contributors to the fund will not have any say in its management, which will be handled, like the other extra-budgetary funds, by officials whose responsibility is to the Government.

This inevitably creates some doubts about the fund which will have to work in a tiny market where most firms are often hungry for new sources of funding

EUROPE

Blue chips falter awaiting exchange-rate stability

CONCERN over the dollar's stability continued to affect export-led stocks on major bourses in Europe yesterday. Trading was generally light as investors waited for a more settled exchange rate and for corporate results.

Frankfurt suffered from uncertainties over interest rates and ended mixed. The Commerzbank index inched up 2.4 to 2,015.9 in light trading.

Investors failed to be encouraged by positive corporate results from Bayer which announced better than expected profits. Bayer ended up DM2 at DM359, Hoechst rose DM1.30 to DM333.30 and BASF edged up 40pfg to DM341.50.

Cars were little changed, but machinery issues were broadly lower.

Among electricals, Siemens gained 60pfg to DM663.70 while AEG lost DM3 to DM341.

Banks were narrowly mixed. Deutsche rose DM1.30 to DM695.50 while Commerzbank declined 30pfg to DM299.50.

The Bundesbank bought DM56.7m worth of paper after purchasing only DM14.4m on Friday.

Amsterdam closed quietly lower as a continued bearish outlook for the dollar dampened sentiment and held back interest in export-oriented markets.

But the market reacted positively to news that transport firm Internatio-Mueller expected higher full-year profits with stock adding Fl 0.80 to Fl 67.00. Selected gains were seen for transport firm Van Ommeren, aircraft manufacturer Fokker and publisher Wolters Kluwer.

International blue chips fell with Royal Dutch which lost Fl 2.70 at Fl 272.30. Unilever was down Fl 2.50 at Fl 141. Philips was off 20 cents at Fl 52.60 while KLM lost 40 cents to Fl 53 and Akzo slipped 50 cents to Fl 174.50.

Zurich recovered from a weak opening to close mixed as investors waited to see whether the dollar's exchange rate would stabilise. The Crédit Suisse index lost 2.88 to 589.72 in moderate turnover.

Engineerings ended steady to higher with interest on Sulzer and Oerlikon Buehrle. Sulzer added SFr175 to SFr5,625 and Oerlikon Buehrle bearer rose SFr60 to SFr1,710. Brown Boveri was unchanged at SFr2,840. Georg Fischer shed SFr5 to SFr1,655. Schindler was unchanged at SFr6,000.

Paris opened on a sour note as investors reacted to a downward revision of France's economic prospects for the year by Economics Minister Mr Edouard Balladur.

Gross domestic product is now expected to rise by less than 2 per cent compared with previous forecasts of 2.2 per cent. The forecast for domestic inflation was also revised to rate in excess of 3 per cent from the government's earlier projection of 2.5 per cent.

The CAC General index added 2.7 to 428.7.

Interest-rate sensitive issues met mid-session demand as the overnight call money rate eased ⅛ percentage point to 7⅛ per cent. Some foreign demand was evident, with brokers linking it to recent UK analysts' reports citing the steep fall in the average p/e of 15 on the bourse compared with 20 in the spring.

Brussels saw a day of quiet, hesitant trading which pushed prices lower. The Brussels stock index shed 18 to close at 5,321.73.

Among holdings, Réserve, the share of Société Générale de Belgique, ended BFr20 higher at BFr4,000, and Sidro was up BFr30 at BFr2,680 but Sofina lost BFr100 to BFr15,600 and Cobepa was down BFr70 at BFr6,500.

Industrials were mixed with a lower bias. Asturienne went against the trend adding BFr70 to BFr1,400 on firm gold prices.

Stockholm slipped lower in fairly low volume as yields on the domestic money market rose. The Veckans Affarer all-share index lost 13.6 to 1,110.8, and turnover was SKr227m against SKr446.8m on Friday.

Astra's six-month figures announced after Friday's close were seen as disappointing, and the shares closed SKr15 lower at SKr260.

Oslo moved mostly higher as the price of Norway's North Sea oil rose to nearly $19 a barrel amid a resurgence of the tanker war in the Gulf. The all-share index added 2.56 to 397.96 on a lower turnover of NKr91.6m.

In industrials Norsk Hydro gained NKr12 to NKr256 and was the only significant gain in a generally weaker sector.

Milan rose for the fourth consecutive session as professional speculators covered short positions. Trade was brisk, and the MIB share index closed at 868, up 1.28 per cent.

Gains were widespread in industrial blue chips and large insurance issues

Computer maker Olivetti gained L255 to L11,795, and Fiat added L110 to L10,750.

Madrid edged upwards as construction issues and foods posted moderate gains. Utilities were mixed. Telefonica opened 1.25 percentage points lower at 233 of nominal value but climbed to 234.50 at the close.

London was closed for the August bank holiday.

ASIA

Nikkei turns lower as steels lose out in profit-taking

TOKYO

INCREASING investor concern over high prices and profit-taking after three consecutive records pushed share prices slightly lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average slipped 18.95 to 26,029.22. Trading continued active, with 1,157.96m shares changing hands, but was well down from Friday's 2,305.79m, the fourth-busiest day on record. Advances outnumbered declines by 487 to 392, with 139 issues unchanged.

Investors were noticeably cautious after the market's strong performance last week when prices posted good gains, spurred by active buying by dealers of major securities houses who focused on market-sensitive commodity issues.

Institutional investors sold recently strong steels to take profits. Nippon Steel topped the active list with 172.53m shares changing hands but shed Y1 to Y365, its first drop in four days.

But Kawasaki Steel, the second-busiest issue with 121.32m shares traded, finished Y2 higher at Y328. Sumitomo Metal Industries, third most active with 30.45m shares, declined Y1 to Y261, Mitsubishi Heavy Industries lost Y5 to Y633 and Nippon Kokan was off Y6 at Y314.

Among other large-capital stocks, Tokyo Electric Power shed Y70 to Y6,800, Kansai Electric Power was down Y50 at Y3,350 and Tokyo Gas slipped Y10 to Y1,120.

Financial issues came under heavy selling pressure towards the close. Fuji Bank lost Y100 to Y3,450, Sumitomo Bank declined Y30 to Y4,020 and Nomura Securities was down Y30 at Y4,870.

High-technology stocks remained out of favour due to lingering concern over a possible rise in the yen against the dollar. NEC dipped Y10 to Y1,880

However, biotechnology-related pharmaceuticals were popular on anticipation that new developments would be announced during a series of medical society meetings scheduled to convene in the autumn.

Chemical issues continued to command buying interest on prospects that earnings were likely to benefit from a recovery in the chemical market. Sumitomo Chemical gained Y9 to Y974, Tokuyama Soda advanced Y49 to Y892 and Nippon Shokubai Kagaku Kogyo was up Y90 at Y1,910.

Bond prices continued to decline in response to a fall on the futures market, caused by dealers' speculative selling.

Rumours that the first bidding for 20-year long-term government bonds might be held on Tuesday also sent investors into retreat.

As a result, the yield on the benchmark 5.1 per cent government bond, maturing in June 1996, rose for the third consecutive day of trading, reaching 4.425 per cent at the close.

AUSTRALIA

WEAKER commodity prices saw major gold-related and resources stocks take a tumble, pushing prices broadly lower. The All Ordinaries index lost 12.9 to 2,150.2 in moderate turnover of 106.56m shares worth A$225.33m.

CRA and Western Mining, both due to announce results this week, led the decline. CRA lost 45 cents to A$10.30 and WMC was down 30 cents at A$9.50. BHP was steady at A$10.15 after falling 15 cents earlier in the session.

Golds to suffer included Metana, down 40 cents at A$13.80, and Emperor, off 30 cents at A$10.00. Placer Pacific lost 15 cents to A$3.80, and 10-cent losses took Central Norseman to A$2.70 and Giant to A$3.90.

Media issues continued to command interest. Fairfax added A$2.00 to a record A$9.00 on news that Warwick Fairfax's Tryart had made a takeover bid for all outstanding shares in the company. However, News Corp lost 60 cents to A$23.30.

SINGAPORE

PROFIT-TAKING and some nervous selling pushed share prices lower over a broad front. The Straits Times industrial index lost 28.78 to 1,453.93 in moderate volume of 22.9m shares.

Most institutional investors stayed on the sidelines awaiting developments after reports that two mosques had been damged by fire in the state of Pehang.

Among the major losers were blue chips such as Cold Storage, down 15 cents to S$5.10, DBS, off 10 cents at S$16.60, Genting, 15 cents lower at S$6.50, and Keppel, which declined 10 cents to S$4.14.

Low-priced Tan Chong led the actives on 1.1m shares and lost 4 cents to 96 cents. First Capital was down 6 cents at S$1.72, and Arab-Malaysia Development shed 8 cents to S$1.13.

SOUTH AFRICA

THE BULLION price rallied slightly in Johannesburg after the three-week strike by gold and coal miners ended over the weekend.

The news pushed gold shares broadly upwards in moderate trading, and the higher financial rand failed to stem the gains.

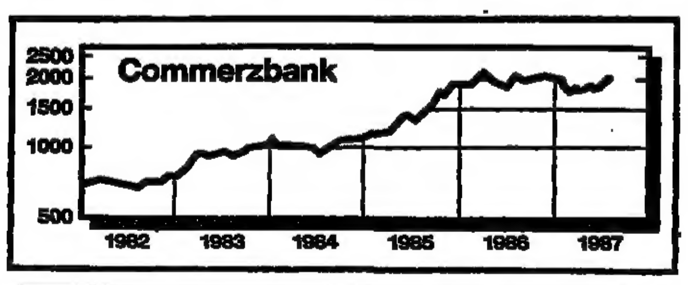
Among gold shares Vaal Reefs gained R16 to R487. Buffelsfontein remained steady at R79.

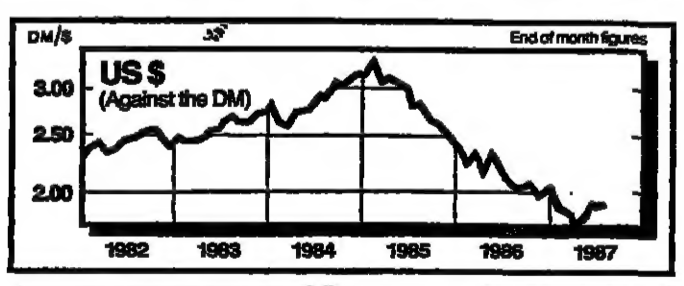
In mining financials Anglo American was up R1 at R92.50, and Gencor was unchanged at R70.75.

Platinums also edged higher. Rustenburg added 50 cents to R59.75, and Impala advanced R2 to R58.50. But diamond share De Beers eased 25 cents to close at R53.25.

Industrials closed mixed to slightly easier. Barlow Rand was off 25 cents at R28.25 and Sasol slipped 90 cents to R13.85.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Aug 31	Prev	Year ago
NEW YORK			
DJ Industrials	2,662.95	2,639.35	1,898.34
DJ Transport	1,060.85	1,062.04	772.13
DJ Utilities	207.44	205.01	219.15
S&P Comp.	329.80	327.04	252.93
LONDON FT			
Ord	(c)	1,759.8	(n/a)
SE 100	(c)	2,249.7	1,661.20
A All-share	(c)	1,146.69	(n/a)
A 500	(c)	1,263.89	(n/a)
Gold mines	(c)	431.50	(n/a)
A Long gilt	(c)	10.02	(n/a)
World Act. Ind (August 28)	139.05	139.73	100.89
TOKYO			
Nikkei	26,029.22	25,974.96	18,553.7
Tokyo SE	2,154.26	2,157.48	1,526.73
AUSTRALIA			
All Ord	2,150.2	2,163.1	1,192.3
Metals & Mins	1,346.1	13,754.4	545.3
AUSTRIA			
Credit Aktien	214.30	213.03	238.66
BELGIAN SE	5,321.70	5,339.53	3,835.42
CANADA			
Toronto			
Met & Mins.	3,172.1*	3,143.0	2,045.0
Composite	3,986.1*	3,975.4	3,028.12
Montreal			
Portfolio	1,975.29*	1,965.31	1,513.55
DENMARK SE			
SE	n/a	216.66	199.32
FRANCE			
CAC Gen	428.70	426.0	412.0
Ind. Tendance	111.00	110.40	98.42
WEST GERMANY			
FAZ-Aktien	655.19	655.29	694.72
Commerzbank	2,015.90	2,013.5	2,095.8
HONG KONG Hang Seng	(c)	3,611.74	1,913.0
ITALY Banca Comm.	628.02	619.87	817.10
NETHERLANDS ANP CBS			
Gen	313.00	321.20	294.7
Ind	268.10	270.20	295.8
NORWAY Oslo SE	535.83	532.63	365.93
SINGAPORE Straits Times	1,453.90	1,482.70	838.48
SOUTH AFRICA JSE			
Golds	–	2,325.0	1,693.0
Industrials	–	2,221.0	1,300.0
SPAIN Madrid SE	312.96	308.82	195.91
SWEDEN J & P	3,000.00	3,084.20	2,470.94
SWITZERLAND Swiss Bank Ind	674.00	672.50	562.1

COMMODITIES (London)

	August 31	Prev
Silver (spot fixing)	(c)	464.85p
Copper (cash)	(c)	£1,051.50
Coffee (September)	(c)	£1,297.50
Oil (Brent Blend)	(c)	$18.40

GOLD ($/oz)

	August 31	Prev
London	(c)	$453.75
Zürich	$454.25	$452.00
Paris (fixing)	$453.62	$456.71
Luxembourg	n/a	$455.75
New York (Dec)	$461.00	$461.30

CURRENCIES (London)

	US DOLLAR Aug 31	US DOLLAR Previous	STERLING Aug 31	STERLING Previous
$	–	–	1.6323	1.6335
DM	1.8135	1.8110	2.9553	2.9575
Yen	141.80	141.95	231.96	232
FFr	6.0555	6.0475	9.8805	9.88
SFr	n/a	1.4925	2.4313	2.4375
Fl	2.0405	2.0400	3.3280	3.3325
Lira	1,311.50	1,310	2,141.7	2,140
BFr	37.665	37.70	n/a	61.60
C$	1.3196	1.3195	2.1530	2.555

INTEREST RATES

	Aug 31	Prev
Euro-currencies (3-month offered rate)		
£	n/a	10⅝
SFr	n/a	3⅝
DM	n/a	3¹⁵⁄₁₆
FFr	n/a	8⅞
FT London Interbank fixing (offered rate)		
3-month US$	n/a	7⁹⁄₁₆
6-month US$	n/a	7⅞
US Fed Funds	6¹⁵⁄₁₆*	6¹⁵⁄₁₆
US3-month CDs	6.90*	6.875
US3-month T-bills	6.285*	6.29

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Aug 27 (Sept)	87-06	87-14	86-24	87-12
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.74	93.75	93.65	93.65
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	n/a
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.69	92.79	92.67	92.81
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	113-27	114-00	113-20	113-19

US BONDS

Treasury

	August 31 Price	August 31 Yield	Prev Price	Prev Yield
7⅞ 1989	99¹¹⁄₃₂	7.97	99²⁰⁄₃₂	7.957
7 1994	95²⁷⁄₃₂	8.82	96⁶⁄₃₂	8.729
8½ 1997	97¹⁹⁄₃₂	9.17	98⁷⁄₃₂	8.922
8¾ 2017	96²⁷⁄₃₂	9.19	97²⁵⁄₃₂	9.101

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	August 31 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1–3	144.03	+0.07	6.37	−0.03
3–5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	August 31 Price	August 31 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.125	6.60	93.75	6.53
SCBT South Central 10⅞ Jan 1993	102.0	10.40	102.75	10.21
Phibro Sal 8 April 1996	89.63	10.06	89.51	9.83
TRW 8⅞ March 1996	93.88	9.81	95.00	9.63
Arco 9⅞ March 2016	96.73	10.23	97.90	10.10
General Motors 8⅝ April 2016	80.44	10.25	81.60	10.10
Citicorp 9⅝ March 2016	88.65	10.65	89.45	10.55

Source: Salomon Brothers

* Latest available figures